CONVERGENCE CREATES OPPORTUNITY

ANNUAL REPORT 2000

CanWest Global Communications Corp.

The scope, scale, and magnitude of CanWest's brands make us a powerful international media company.

More than ever before, media convergence played an integral role in CanWest's business. For us, convergence means uniting conventional print media and electronic content with the technology of the Internet. It also means collecting powerful brands across this range of media.

This year, CanWest made the largest purchase in Canadian media history with the acquisition of 14 major dailies, a 50% stake in the *National Post*, an additional 126 community daily and weekly newspapers, and city, newspaper and specialty web portals across Canada. This deal allowed us to bring together our Canadian print, broadcast and digital holdings to create Canada's only comprehensive, multiple-platform, international media company.

This revolutionary transaction comes on the heels of the completion of the acquisition of the television assets of WIC Western International Communications, which received regulatory approval in July 2000. The WIC acquisition completes the Global Television Network across Canada and adds important independent stations in British Columbia and Ontario.

Internationally, CanWest's brands are among the leaders in their markets. In New Zealand, CanWest's radio holdings account for a 44% share of the market, coupled with its TV3 television network which reaches 98% of New Zealand's population, and TV4, which reaches New Zealanders in major metropolitan centres. CanWest's holdings extend into Australia with Network TEN, which recently announced it will be acquiring a controlling interest in one of Australia's leading out-of-home advertising companies, and into Europe via TV3 Ireland and UTV, the highest rated television network in Northern Ireland.


Global®
NATIONAL POST
OTTAWA CITIZEN
HERALD
OUVER SUN
tv three
The StarPhoenix
ten
MORE FM
FIREWORK
CANWEST COMPANY

CANADA

PUBLISHING
- The *National Post*

Southam Publications
- 14 major daily Canadian newspapers
- 126 daily and weekly newspapers and shoppers in smaller Canadian communities

TELEVISION BROADCASTING

Global Television Network
- 11 television stations which broadcast to all major markets across Canada

Independent Stations
- CHCH Hamilton
- CHEK Victoria
- CJNT Montreal

CBC Affiliate Stations
- CHBC Kelowna
- CKRD Red Deer

SPECIALTY TELEVISION
- PRIME TV
- ROBTv

ENTERTAINMENT – PRODUCTION AND DISTRIBUTION

CanWest Entertainment Ltd.
- Fireworks Entertainment Inc. – Film & TV production and financing

PRODUCTION SERVICES
- Apple Box Productions – Commercial production providers
- StudioPost Film Labs – Post-Production service provider
- CanWest Studios – Sound-stage, production offices

MEDIA MARKETING AND SALES
- CanWest Media Sales
- ADitus

NEW MEDIA

CanWest Interactive
- globaltv.com
- canada.com
- carclick.com
- careerclick.com
- faceoff.com
- Newspaper and city portal sites across Canada
- Medbroadcast Corporation
- All Sport Ventures

UNITED STATES

ENTERTAINMENT– PRODUCTION AND DISTRIBUTION

CanWest Entertainment Ltd.
- Fireworks Pictures – Feature film distributor
- Fireworks Television USA – Los Angeles-based development and production office

NEW MEDIA

CanWest Interactive
- Internet Broadcasting Systems
- LifeServ Corporation

NORTHERN IRELAND

TELEVISION BROADCASTING
- UTV

REPUBLIC OF IRELAND

TELEVISION BROADCASTING
- TV3

UNITED KINGDOM

ENTERTAINMENT – PRODUCTION AND DISTRIBUTION

CanWest Entertainment Ltd.
- Fireworks Entertainment International – distributor of television programming

THE CANWEST WORLD

AUSTRALIA

TELEVISION BROADCASTING
- Network TEN

NEW MEDIA
- Village TEN Online

OUT-OF-HOME ADVERTISING
- Eye Corp. – including operations in Indonesia and Malaysia

NEW ZEALAND

TELEVISION BROADCASTING
- TV3
- TV4

RADIO BROADCASTING
- MORE FM – Auckland, Wellington, Christchurch, Dunedin, Hamilton
- Channel Z – Auckland, Wellington, Christchurch
- The Breeze – Wellington
- RadioWorks – 4 Networks and 23 local stations

ANNUAL REPORT 2000 CONTENTS

CanWest experienced significant growth in fiscal 2000 with expansion into newspaper publishing, the acquisition of television stations from WIC Western International Communications Ltd., the purchase of additional radio holdings in New Zealand and the acquisition of the film and television program library of Endemol International Distribution.

PUBLISHING

CanWest purchases from Hollinger Inc. 14 major daily Canadian newspapers, an additional 126 daily and weekly newspapers and shoppers in smaller Canadian communities, newspaper web sites across Canada, and 50% ownership of the *National Post*, a national daily.

TELEVISION BROADCASTING

- CanWest receives regulatory approval of its purchase of the nine conventional television stations of WIC. The acquisition also included a stake in the specialty service ROBTv, CanWest Studios, Apple Box Productions and StudioPost Film Labs.
- Global's top-rated summer program, *Survivor*, makes ratings history. The two-hour finale of the series had 6.4 million viewers nationally, outperforming even the Academy Awards.
- Network TEN announces the acquisition of a 60% interest in Eye Corp., one of Australia's leading out-of-home advertising companies, giving TEN an approximate 40% share of the Australian out-of-home industry.
- Granada Media announces it will acquire a 45% interest in TV3 Ireland. The deal secures some of the best programming available in the U.K. for TV3. CanWest will retain a 45% stake in the network.

PRODUCTION AND DISTRIBUTION

- CanWest Entertainment acquires the assets of Endemol International Distribution, which includes distribution rights to 600 hours of U.S. network television programming, effectively doubling CanWest Entertainment's existing program library.
- CanWest Entertainment launches a Los Angeles-based development and production division, Fireworks Television USA.
- CanWest Entertainment enters into a joint venture, IDP Distribution, with Samuel Goldwyn Films and Stratosphere Releasing to market and distribute feature films in North America.
- Fireworks Pictures' feature film *Rules of Engagement* opens number one in North America and grosses more than US$60 million in North American box office revenues in its first three months in theatres.

SPECIALTY TELEVISION

- CRTC awards CanWest 30 digital specialty channels.
- PRIME TV moves into the position of #1 Canadian specialty channel for Adults 35+ and #2 of all Canadian specialties for women 25 to 54 (according to Nielsen data).

RADIO BROADCASTING

- CanWest acquires a 72% interest in RadioWorks New Zealand, the second-largest radio group in the country. Combined with the MORE FM group of stations, CanWest Radio New Zealand has a 44% share of the New Zealand radio advertising market.

NEW MEDIA

- CanWest brings canada.com, one of the country's leading portals, into the Interactive division.
- Nine globaltv.com web sites, plus an additional five sites corresponding to CanWest independent stations, launch across Canada.
- CanWest Interactive invests in Medbroadcast Corporation, a leading Canadian Internet provider of health information.
- CanWest Interactive takes a controlling interest in All Sport Ventures, operators of the allcanadiansport.ca web portal for amateur sport.
- Village TEN Online takes a 25% interest in the Internet-based community sports company iSport which has developed an Internet based administration and communication platform configured to the needs of sporting organizations.
- Village TEN Online forges a strategic partnership with Razorfish, the world's largest web strategy and systems integration firm.
- Village TEN Online launches the interactive entertainment destination SCAPE.

CORPORATE CHRONOLOGY

Mid–1970s
Company founder I.H. Asper, a prominent Canadian tax and corporate lawyer, author, businessman and former political leader, acquires the license for a new, independent, television station in Winnipeg to be called CKND, and from there sets out to give Canada a third national network.

1974–1987
CKND scarcely signs on the air when the Company's attention turns to Toronto, where the newly-licensed Global Television is in financial difficulty. Over the next ten years, CanWest acquires a 100 percent interest in Global and turns it into a financially successful operation.

In 1986, the Company secures licenses for new stations in Regina and Saskatoon.

1988-1997
The Company acquires TV stations in Vancouver, Halifax/Saint John and in 1997, Quebec City.

1991
The Company issues a successful initial public offering to fund its rapid growth. Soon after, CanWest acquires an initial stake in the fledgling TV3 Network in New Zealand.

1992
CanWest acquires a 57.5% interest in Australia's Network TEN.

1996
CanWest lists on the New York Stock Exchange with 15 million non-voting shares.

1997
CanWest increases its ownership of TV3 New Zealand to 100 percent and launches TV4, New Zealand's second privately-owned network.

CanWest acquires the MORE FM radio group, New Zealand's top-rated commercial radio network.

In October, CanWest launches its cable specialty channel PRIME TV.

September 1998
CanWest enters the European Community with the launch of TV3, the Republic of Ireland's first, private, over-the-air television network, and, at the same time, acquires a 29.9% interest in Ulster Television.

1998
CanWest enters the program production and distribution business with the launch of CanWest Entertainment and the acquisition of Fireworks Entertainment, an independent, Canadian based producer and distributor.

1999
Fireworks launches the international distribution arm of the entertainment division. CanWest also initiates an Interactive Media division with the launch of globaltv.com – local breaking news web sites linking the Global stations in each market. CanWest Interactive also invests in two United States-based Internet content providers – Internet Broadcasting Systems and LifeServ Corporation.

May 2000
CanWest acquires a 72% interest in RadioWorks New Zealand, the second-largest radio group in that country. Combined with the existing group of stations, CanWest Radio New Zealand has a 44% share of the market.

July 2000
CRTC approves CanWest's purchase of the conventional television assets of WIC Western International Communications.

Also in July, CanWest announces the purchase from Hollinger Inc. of 14 major daily Canadian newspapers, an additional 126 daily and weekly newspapers and shoppers in smaller Canadian communities, a number of web sites, and 50% ownership of the Canadian national newspaper the *National Post.*

August 2000
CanWest Interactive acquires a controlling interest in All Sport Ventures, operators of the allcanadiansport.ca web portal for amateur sport in Canada.

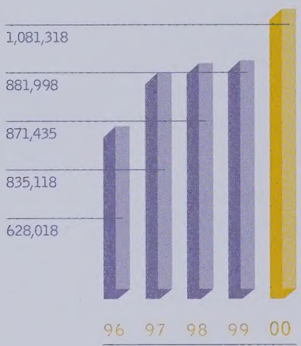
CanWest Entertainment acquires the assets of Endemol International Distribution, which includes distribution rights to 600 hours of television programming, effectively doubling CanWest's existing program library.

September 2000
CanWest announces that Granada Media will acquire a 45% equity stake in TV3 Ireland.

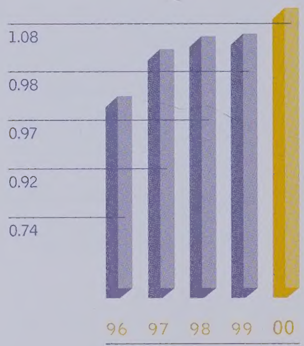
October 2000
Network TEN announces a deal to acquire a 60% controlling interest in Eye Corp., Australia's second-largest out-of-home advertising company.

November 2000
CRTC awards CanWest 30 digital specialty channels including mystery channel – 13th Street (in partnership with TVA and Rogers) and MenTV (in partnership with TVA).

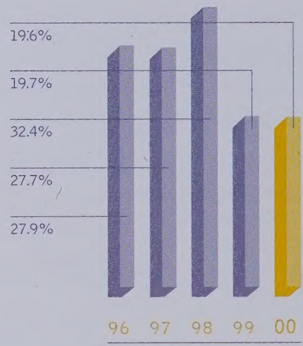
Today
CanWest Global Communications has seven areas of operation – newspaper publishing; conventional television broadcasting; radio broadcasting; specialty cable television; program production and distribution; production services; and interactive media. CanWest operates in six countries and continues to look for growth opportunities around the world, while focusing on building the assets in its core markets.



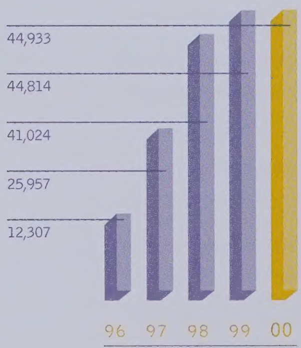
Combined Revenue
(in thousands of $)



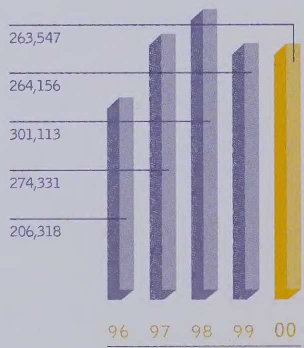
Fully Diluted Earnings Per Share From Continuing Operations*
($ per share)



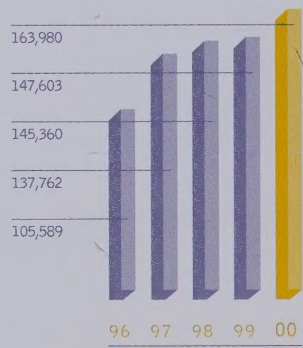
Return on Average Equity



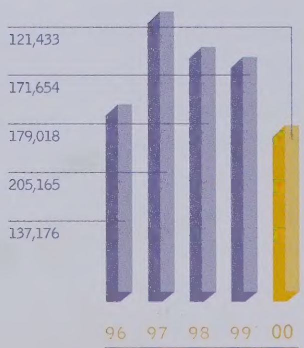
Cash Dividends
(in thousands of $)



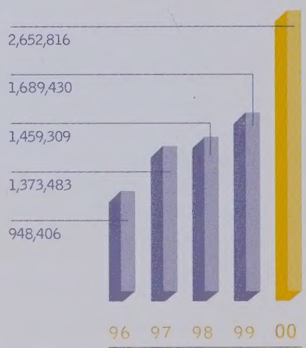
Combined Operating Profit Before Amortization
(in thousands of $)



Earnings from Continuing Operations*
(in thousands of $)



Combined Cash Flow From Continuing Operations
(in thousands of $)



Combined Total Assets
(in thousands of $)

*Before gain on sale from an 18.5% economic interest in Network TEN in 1998, and realized translation adjustments.

FINANCIAL HIGHLIGHTS

For the years ended August 31

(in thousands of dollars, except as noted)	2000	1999	1998	1997	1996
Combined Operating Results (1)					
Revenue	1,081,318	881,998	871,435	835,118	628,018
Broadcast operating profit before amortization	291,992	265,041	314,225	290,547	218,367
Operating profit before amortization	263,547	264,156	301,113	274,331	206,318
Operating profit margin	24.4%	29.9%	34.6%	32.8%	32.9%
Earnings from continuing operations before gain on sale of a 18.5% economic interest in Network TEN and realized translation adjustments	163,980	147,603	145,360	137,762	105,589
Net earnings	162,680	146,103	200,117	141,862	102,170
Earnings before amortization of broadcast licences and goodwill	184,421	159,598	216,720	160,253	112,483
Cash flow from operations (2)	121,433	171,654	179,018	205,165	137,176
Return on average equity	19.6%	19.7%	32.4%	27.7%	27.9%
Working capital	38,414	47,339	81,876	135,909	170,657
Working capital ratio	1.09:1	1.17:1	1.34:1	1.57:1	1.84:1
Long term debt	1,196,915	548,925	471,146	508,898	223,640
Debt equity ratio	1.38:1	0.69:1	0.69:1	0.92:1	0.47:1
Per Share Information (1)					
Earnings from continuing operations before gain on sale of a 18.5% economic interest in Network TEN and realized translation adjustments					
Basic	$1.09	$0.99	$0.97	$0.93	$0.75
Fully diluted (3)	$1.08	$0.98	$0.97	$0.92	$0.74
Earnings from continuing operations					
Basic	$1.09	$0.98	$1.34	$0.96	$0.75
Fully diluted (3)	$1.08	$0.97	$1.33	$0.95	$0.74
Earnings before amortization of broadcast licences and goodwill					
Basic	$1.23	$1.07	$1.45	$1.08	$0.80
Fully diluted	$1.22	$1.06	$1.44	$1.07	$0.79
Cash flow from operations (2)					
Basic	$0.81	$1.15	$1.20	$1.38	$0.98
Fully diluted (3)	$0.81	$1.14	$1.19	$1.37	$0.96
Shares Outstanding					
At year end	150,043,779	149,594,896	149,347,070	148,830,207	147,806,080
Average for the year	149,786,882	149,502,365	149,158,918	148,265,654	140,527,809

(1) Operating results and per share information have been prepared on a combined basis, proportionately consolidating the Company's 57.5% interest (76% to April 1998, 66% to December 31, 1996, and 57.5% to October 31, 1996) in Network TEN and consolidating the Company's interest in WIC regulated assets from the date of acquisition on March 31, 2000. Net earnings are the same as net earnings reported in the audited consolidated financial statements.

(2) Earnings before amortization, deferred income taxes, interest in earnings of equity accounted affiliates, realization of cumulative translation adjustments, gain on disposition of investments, minority interests and write-down of program inventory.

(3) Fully diluted earnings and cash flow per share are calculated using the weighted average number of shares that would have been outstanding had all stock options been exercised at the beginning of the year or when granted.

EXECUTIVE CHAIRMAN'S REPORT TO SHAREHOLDERS

"...and there's more to come."

ON BEHALF OF THE BOARD OF DIRECTORS, IT GIVES ME GREAT SATISFACTION TO PROVIDE MY REPORT ON SOME OF THE KEY ASPECTS OF OUR COMPANY'S PERFORMANCE OVER THE PAST YEAR.

Fiscal 1999/2000 has witnessed the most positive and explosive expansion and development of CanWest's business horizon, of any year since the formation of the company. The planting of seeds for future harvesting has continued at a remarkable pace.

As always, CanWest remains an amalgam of two distinct and equally important thrusts: that aimed at constant improvement of current business operations, and that of ensuring future development and growth. Your Board is satisfied that the results on both fronts should engender a feeling of confidence and optimism for our shareholders, assuming they endorse our philosophy that the long term strategy should rank equally with the importance of achieving short-term results.

Current operational results are commented upon in our President and Chief Executive Officer's report, which follows.

I will focus on the long-term achievements.

Most importantly, the difficulties we encountered over our WIC acquisition during the past several years were satisfactorily resolved. We reached an agreement with Shaw Communications to split up WIC in such a manner that CanWest would acquire all of WIC's television stations. That has given us a national

television network across Canada, including extra broadcasting stations reaching into Canada's largest television markets, Southern Ontario and Vancouver.

In New Zealand, our CanWest Radio operations acquired one of its leading competitors, RadioWorks, making us the country's second largest radio broadcaster.

In Australia, after a lengthy process, our market entry in that country, Network TEN, launched a major Internet presence through its partnership with Village Roadshow, Australia's leading cinema and radio company. This is another long-term initiative in that region.

But most importantly, with full encouragement and support of CanWest, Network TEN recently announced its acquisition of control of Eye Corp., Australia's second-largest "out-of-home" advertising company – billboards, and the like. We have sought to enter this sector of our industry for some time, and this acquisition puts us firmly into that industry in Australia. With operations in Indonesia and Malaysia, we look forward to the expansion internationally of this new division. As we become more knowledgeable about this sphere of activity, we hope to build upon it.

Closer to home, our Fireworks Entertainment program production and distribution unit expanded its operations to Los Angeles and London, and acquired the film library of the European entertainment company Endemol.

Our startup network in Ireland, TV3, moved closer to operating profitability in its second year. Equally important, we identified the appropriate partner we had been seeking for this operation. Recently, Britain's premier broadcaster and production company, Granada Media plc. announced its intention to acquire an interest equal to ours and has guaranteed TV3 a long-term supply of high quality proven programming. In fiscal 2001 we expect TV3 to reach profitability, and we fully expect to expand our relationship with our new partner, Granada.

Finally, as year end approached, the reinvention of CanWest for the 21st Century was dramatically advanced by the merger of Hollinger/Southam's principal Canadian publishing and Internet interests in Canada into our company. This unification of interests gives Hollinger a 15% equity interest in CanWest (6% voting) with two Board seats. We not only welcome the new Hollinger appointed directors to our Board, but we are also fortunate that the great entrepreneurs who built this print empire have agreed to continue offering management services and advice to us.

In addition to using equity to cover a component of the cost of the publishing assets, for the most part the transaction was funded by refinancing corporate debt. The decision to add to the corporate debt burden was not taken lightly. In particular, we have been careful to ensure that each of our acquisition decisions can be justified on a stand alone basis by carefully calibrated assessments of future financial returns from the acquired assets. Even taking account of variations in significant areas of revenue and costs, such as in advertising markets and in the price of newsprint, cash flow from the existing businesses should be sufficient to restore ratios to 1999 levels within a few years.

We believe the future benefits of this blending of print and electronic media will be substantial.

Further development prospects are enhanced by the fact that the CRTC has awarded CanWest 30 digital specialty channels, including two English-language licences and a French-language licence which are expected to launch next September as part of a new tier of channels.

Our entry into the new century, taking on and absorbing the activities described above, presents us with new challenges and opportunities previously unimagined. The patience and dedication of our Board, always willing to meet on a moment's notice to deal with these development activities, must be appreciated by all shareholders. Similarly, the extraordinary efforts by CanWest management in achieving such complex and significant results, must also be singled out for special appreciation.

Clearly, the major thrust of the company for the next year will be to successfully absorb and integrate our new businesses and their staffs, and to achieve operational efficiencies and benefits promised by them.

We look forward to discussing this and all other reports and answering your questions at our annual shareholders meeting, which will be held at the National Gallery of Canada in Ottawa, on February 6, 2001. For those unable to attend personally, you may follow our proceedings at www.canwestglobal.com.

Respectfully submitted,

I.H. Asper, O.C., O.M., Q.C.
Executive Chairman of the Board
December, 2000
Winnipeg, Canada

PRESIDENT AND CEO'S REPORT TO SHAREHOLDERS

"...and we continue to transform our company"

By any measure, August 31, 2000 marked the close of a truly remarkable and outstanding year. The completion of two major acquisitions grew the company overnight by a factor of three. Acquisition of the Hollinger publishing and Internet assets redefined and transformed CanWest from its already impressive position as Canada's top-rated television network, to new heights as Canada's largest integrated international media company.

Existing broadcast, production and distribution operations also made steady, if not spectacular progress. The Global Television Network recorded revenue and earnings growth in an essentially flat market. Global's progress was mainly thanks to the addition and consolidation of revenues and earnings from the nine WIC television stations in the last five months of 2000.

PRIME TV in Canada and Network TEN in Australia achieved record revenues and profits thanks largely to a combination of excellent programming decisions and disciplined cost controls. While television operations in New Zealand improved by most measures, the market continues to struggle with a weak economy and battered currency. TV3 Ireland maintained its positive momentum in audience and revenue growth through the year.

CanWest completed the first of two major acquisitions on March 31 with the purchase of nine WIC television stations to consolidate national coverage of the Global Television Network. The WIC transaction also provides two-station coverage in the two largest English-language metropolitan markets, Southern Ontario and Vancouver. CanWest received full CRTC approval of that expansion on July 6.

Just three weeks later, on July 31, CanWest announced its acquisition of all of the major Canadian newspaper and Internet assets of Hollinger Inc., including the metropolitan daily newspapers in nearly every large city across Canada and a 50% partnership interest in the *National Post*. We closed that transaction successfully on November 16, 2000, following completion by the Competition Bureau of its three-month review of the transaction.

The magnitude of these deals is unprecedented. Just a few months ago, the $860 million* WIC purchase was the largest acquisition in the history of Canadian media. The $3.2 billion transaction to bring the Hollinger newspaper assets to CanWest remains the biggest media convergence deal ever consummated in Canada. The deal transformed CanWest into a $7.5 billion international media company and the largest Canadian publisher of daily newspapers.

Taken together, the two transactions tripled the size of CanWest from the $882 million in revenues achieved in 1999, to projected combined annualized revenues of over $2.6 billion. The number of CanWest employees also grew from about 1,000 to more than 12,000 as a direct result of the two deals.

Throughout our 23-year history of rapid and profitable growth, our highest priorities were to build a profitable, complementary group of Canadian and international television and related broadcasting assets while rigorously managing costs in order to optimize financial performance. That strategy worked exceptionally well during the 80s and 90s.

* in Canadian dollars unless otherwise indicated

Nevertheless, staying ahead of the curve required a shift in strategic direction as the new millennium approached, as the number of competitors multiplied rapidly, and as new technological and other developments began to take hold. Moreover, the future promises accelerated change as digital conversion broadens the spectrum to accommodate more consumer choices while the Internet develops the means of combining video-based entertainment comparable to conventional television with the ability to interact with and better serve viewers.

The WIC and Hollinger acquisitions will strengthen the capacity of CanWest to take full advantage of these technology and marketplace advances, giving us strong brands, a better selection of advertising vehicles for our clients, and an unmatched content store.

There were other important accomplishments in 2000.

Acquisition in May of a 72% controlling interest in RadioWorks New Zealand for $52 million through the purchase of RadioWorks shares on the open market resulted in CanWest Radio New Zealand becoming one of the two major players in New Zealand radio with a 44% share of the market.

On July 27, 2000, CanWest Entertainment purchased the film library of the European entertainment company Endemol for approximately $110 million. This acquisition more than doubles our program inventory to over 1,200 hours of high quality, U.S. action series and television movies, and includes rights to new programs already in the Endemol production pipeline.

This strategic acquisition vaults CanWest Entertainment into a major position on the world stage and will contribute to substantial growth in revenues and earnings at CanWest Entertainment in 2001 and beyond.

On September 11, shortly after the end of the fiscal year, CanWest announced a partnership agreement with Granada Media plc., under which this major British broadcaster and producer of popular television programming will take a 45% stake in TV3 Ireland. CanWest will have its entire investment in TV3 returned, and will continue to hold 45% while the balance will be held by the Irish consortium that founded the network. An important part of the deal is a long-term program supply agreement that will greatly improve the appeal of TV3 to Irish audiences and accelerate the impressive growth momentum of this start-up operation.

Financial results were influenced significantly by the closing of the WIC transaction on March 31, 2000 and the consolidation of WIC financial results with CanWest for the last five months of the fiscal year. The major milestones were as follows:

- **Combined revenue up 23% from $882 million to $1.08 billion, exceeded one billion dollars annually**
- **Net earnings grew by 11% from $146.1 million to $162.7 million**
- **Annual shareholder dividends of $0.30 per share were the same as in 1999**

Fiscal 2000 was a transitional year for CanWest. It includes only five months of revenues and profits derived from the nine stations acquired from WIC. The results do not reflect the contribution of the Hollinger publishing assets that began following the end of the fiscal year.

Over the year we made significant management changes at Global Television with the appointment of Gerry Noble as President and Chief Executive Officer of Global Television Network Inc., with responsibility over all of CanWest's Canadian television operations; the promotion of Kevin Shea to President and Chief Operating Officer of Global Communications Ltd., with responsibility for all of Global's television stations; and also in New Zealand with the appointment of Brent Impey to oversee all our New Zealand operations in both television and radio, and Rick Friesen, formerly General Manager of Global TV Atlantic, to the position of Managing Director TV3/TV4.

OPERATING HIGHLIGHTS

Gaining Canadian Radio-television and Telecommunications Commission (CRTC) approval of its application to acquire nine WIC stations in Ontario, Alberta and British Columbia, plus 50% interest in ROBTv, was a milestone for Global Television.

Following the CRTC decision on WIC, released July 6, the network moved quickly in September to launch the Global brand and schedule at three stations in Alberta. The independent Hamilton, Ontario and Victoria, B.C. stations provide CanWest with double coverage of the greater Toronto and Vancouver markets

with schedules that are separate and distinct from Global Television. Two of the acquired stations in Red Deer, Alberta and Kelowna, British Columbia will remain CBC affiliates.

BCTV will adopt the Global brand and schedule at the end of fiscal 2001.

At the same time, Global Television remained the top prime time viewing choice of its target 18 to 49 demographic in the critical Toronto/Hamilton market. Global's *Friends* continued as Canada's top rated program. The Spring 2000 BBM ratings confirmed that five of the top ten programs in Canada aired on Global. The two-hour finale of the reality show *Survivor* made Canadian ratings history with 6.4 million viewers.

PRIME TV had another successful year with subscriptions growing by one third to 3.7 million households and the highest ratings among specialty channels for the target demographic of 35 plus years of age. Revenues increased strongly by 71% as a result, and PRIME TV achieved break-even in 2000, one year ahead of schedule.

Network TEN, Australia achieved record EBITDA earnings of A$195.6 million, up 5.6% over the previous year thanks in large part to a solid advertising market in the second half of 2000, combined with consistent discipline on costs and greater emphasis on successful locally produced programming.

TEN took two major initiatives to diversify its media holdings, consistent with media convergence and integration trends evident elsewhere in the industry. In October 2000, TEN announced a A$188 million investment to acquire a 60% controlling stake in Eye Corp., Australia's second-largest out-of-home advertising company. Entirely self-financed, the deal will add an estimated A$130 million to the annual revenues of TEN and contribute more than A$40million annually to EBITDA. Cash distributions to CanWest should not be negatively affected by the deal. This new initiative follows Network TEN's joint venture with Village Roadshow, a major Australian entertainment company, in SCAPE, a new online interactive entertainment venture also launched in October 2000.

Last year was another difficult year for TV3 and TV4 New Zealand. Revenues increased by 12% thanks to investments in improved programming in drama and sports. Nevertheless, because of a further 10% decline in the value of the New Zealand dollar, the gains in revenues were insufficient to overcome increased costs of programming, much of which must be paid for in U.S. dollars. A one-time NZ$20.0 million write-down of the value of surplus programming inventory also effected the year-end results, but should reduce operating costs in future years and lead to increased profitability.

The story was more positive for CanWest Radio New Zealand where revenues grew by 14% to NZ$28.9 million and EBITDA grew by 8% to NZ$6.9 million. Radio was unaffected by the weakness in advertising revenues that afflicted television in New Zealand. Radio is also less vulnerable to the low New Zealand dollar because of its independence from imported programming. CanWest increased its profitable investment in New Zealand radio in May 2000 by acquiring a 72% controlling interest of RadioWorks New Zealand for $52.0 million. RadioWorks is the second-largest radio station group in New Zealand

operating four networks and 23 local stations that largely complement the existing CanWest Radio New Zealand family. Together, the combined operations account for about 44% of radio industry revenues in New Zealand.

TV3 Ireland was another bright spot. September 20 marked the second anniversary of the launch of the only private sector network in the Republic of Ireland. Revenues grew by 79% over last year and the network is on track to become profitable in 2001. In a market served by two government-owned channels plus all the U.K. channels, TV3 is firmly established with its target audiences. Its in-house news and information programs are particularly strong with its new breakfast show, *Ireland AM*, the highest rated early morning show in Ireland after only six months.

The biggest news at TV3 was the partnership agreement with Granada Media, announced on September 11, 2000, that will bring to TV3 a programming deal for the most popular and highly rated Granada productions including *Coronation Street* and *Emmerdale*, previously carried by the Irish state-owned network. CanWest welcomes the new partnership which will not only accelerate the positive momentum of TV3 but also open the door to future co-operative ventures with Granada Media.

CanWest continues to receive dividend distributions from its 30% interest in Ulster TV in Northern Ireland. CanWest sees its UTV investment as a bridgehead into the U.K. market and a complementary venture to that of TV3. We remain hopeful that we will find opportunities to capture the obvious potential synergies between UTV and TV3 in order to enhance the value of both investments.

The year 2000 was another successful one for CanWest Entertainment. Fireworks Entertainment, the production and distribution arm, delivered 144 hours of new programming. *Just a Kid* which aired on Nickelodeon in the U.S. and as *Caitlin's Way*, on YTV in Canada, was renewed for another 26 episodes. Also renewed for a second season was the action series *Relic Hunter*. The USA Network commissioned additional episodes for a fifth season of *La Femme Nikita*. Four new two-hour *Robocop* movies were also commissioned for Chum/City. New series in production at Fireworks and airing in the Fall of 2000 include the action/adventure space series *Gene Roddenberry's Andromeda* and the action series *Queen of Swords*, both of which appear on Global Television in Canada.

Fireworks Pictures, the feature film distribution unit, based in Los Angeles, acquired, and distributed internationally, several major movies in 2000 including *Rules of Engagement*. New films in the distribution pipeline include *Rat Race*, starring Rowan Atkinson, Whoopi Goldberg and John Cleese, and *Hardball*, starring Keanu Reeves and Diane Lane.

In July, Fireworks International, the worldwide television distribution division, acquired the film library of the European entertainment firm Endemol in a $110.0 million deal. The library includes valuable international distribution rights to over 600 hours of quality television programming including action series and television movies that fit well with existing Fireworks library properties. It will also add significantly to the division's EBITDA.

In 1999, we launched our Internet strategy through the newly established CanWest Interactive Division. We proceeded to make modest strategic investments in Internet Broadcasting Systems (IBS), a Minneapolis based company that develops news and information web sites for local television stations in the U.S. and Canada, and in LifeServ, an Internet portal that creates and caters to online communities of people experiencing major life events. These companies provided CanWest with important content templates and web functionality technology. Over the past year, LifeServ has forged commercial alliances with major companies that provide related goods and services to LifeServ communities.

CanWest Interactive and IBS have built the globaltv.com portal to include local web sites that support Global Television stations across the country. IBS also achieved remarkable success in the U.S. market where local web sites will operate in 42 American cities by January 2001. CanWest invested in several additional properties over the year including stakes in medbroadcast.com, a health and wellness portal, and allcanadiansport.ca, an amateur sports portal that provides online services to the huge amateur sports community across Canada. All of these Internet-based properties have developed substantial followings among the communities they serve and strong relationships with advertisers. Looking ahead, each of them also present content production, cross-promotional and interactive e-commerce revenue opportunities in concert with CanWest broadcast and print properties.

LOOKING AHEAD

While this past year was primarily devoted to development, over the next year we will concentrate our efforts on improving our existing business operations. 2001 will be the first full year that consolidates the revenues and profits on the newly acquired WIC television station assets. With the Hollinger acquisition completed on November 16, 2000, next year will also consolidate publishing revenues and profits. Comparisons with year 2000 and earlier results will not, therefore, be easy.

Nevertheless, the important point is that the WIC and Hollinger assets are highly profitable, leading brands in their respective markets. Their addition to CanWest will generate total combined revenues of some $2.6 billion, about three times the level of CanWest 1999 results. Even without revenue enhancing and cost reduction synergies, earnings (EBITDA) should double the level achieved this year.

By any measure, the most significant management challenge for CanWest in the coming year will be to digest the new television, publishing and Internet assets and integrate those new assets into the CanWest management systems and culture.

There is also significant unfinished business to complete in the coming year, including necessary divestitures that arise out of the WIC acquisition, including CKVU, the existing Global television station in Vancouver, and CFCF, which remains a CTV affiliate in Montreal. At the direction of the Competition Bureau, we have placed our holdings in ROBTv in trust pending resolution of the Bureau's concerns that we hold the asset in partnership with the *Globe & Mail*, a competitor in the newspaper market.

As a group, the transactions completed last year go a long way towards realizing our strategic goal of diversifying our revenue streams and creating the four pillars upon which we believe the future media company must stand: advertising revenues, subscription revenues, content sales and product sales.

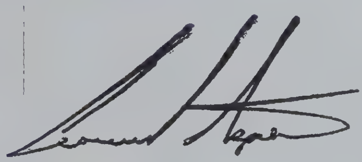
Our motivation in taking the strategic steps to double the size of our Canadian television broadcasting assets; to become the largest Canadian publisher of daily newspapers; to build our portfolio of Internet properties; to strengthen our content production and distribution business through the purchase of the Endemol film library; to build our platforms in Australia and New Zealand; and our decision to forge a strategic partnership with Granada Media in TV3 Ireland; all flow from our conviction that those already profitable assets will become more valuable and generate higher returns working together than would be possible separately.

Our agenda for integrating the important assets acquired over the past year goes well beyond injecting the CanWest culture and management style. Certainly we see considerable room to generate higher returns from bringing CanWest's experience in integrating assets, as well as the combined experience of CanWest and Hollinger management, to ensure that cost savings are achieved in the merged operations. Our sales and marketing teams went to work immediately to seek ways to increase ratings and circulation and to launch a new generation of multimedia products in order to generate new revenues. Beyond that, there are substantial revenue and cost-reduction opportunities from cross promotion of content and delivery platforms, as well as re-purposing content for multiple uses.

We are in the business of generating content to serve the consumer, and selling advertising in and around that content to serve the advertiser. In the fragmented world of virtually infinite channels and media, we believe our strategy of horizontally integrating across advertising platforms, while vertically integrating our content into those platforms, is a winning one.

Achieving these goals will require some strategic additions and adjustments to top-level management that will also be a CanWest priority in the coming year.

Respectfully submitted,



Leonard Asper
President and Chief Executive Officer
December, 2000
Winnipeg, Canada


t e l e
b r o a d c a s

v i s i o n

t i n g

MARKET CHARACTERISTICS	
	ENGLISH-SPEAKING POPULATION 24.1 MILLION
	2000 TELEVISION INDUSTRY ADVERTISING REVENUE $2.4 BILLION
	NUMBER OF TELEVISION HOUSEHOLDS 11.7 MILLION
	NUMBER OF NATIONAL ENGLISH-LANGUAGE TELEVISION NETWORKS 3
	CABLE AND MULTICHANNEL PENETRATION 76%

GLOBAL TELEVISION

Gaining regulatory approval of CanWest's acquisition of the television assets of WIC Western International Communications was a major success story for Global Television in fiscal 2000.

In December 1999 CanWest applied to the CRTC for approval to acquire eight WIC television stations including CHBC Kelowna, CHEK Victoria, CHAN Vancouver, CITV Edmonton, CICT Calgary, CISA Lethbridge, CKRD Red Deer, and CHCH Hamilton. CJNT-TV, a multilingual station in Montreal, was also acquired as part of the WIC transaction but was the subject of a separate CRTC application, approved November 29, 2000. The application offered an $84 million benefits package including substantial new local programming and financial support to organizations involved in program production and marketing, as well as in cultural and educational fields. The Global Television Network announced its intention to launch an early evening national news program originating from Vancouver and a weekly national public affairs program based in Calgary.

Supporters of the CanWest application filed over 1000 letters with the CRTC. Many appeared in person at the April hearings held in Vancouver. On July 6th, the CRTC announced its approval of the WIC application in full, with only minor adjustments required to redirect components of the benefits package.

The completion of the Canada-wide Global Television Network came in Fall 2000 with the re-branding and launch of three former WIC stations in Alberta. Global Television now broadcasts over-the-air via eleven owned and operated stations, from the West Coast to the Atlantic provinces, and reaching 94% of the country's English-speaking population.

Gerry Noble, President & CEO, Global Television Network Inc. (left) and Kevin Shea, President & COO, Global Communications Ltd. (right)

Two of the acquired stations, CHCH Hamilton and CHEK Victoria, operate as independents with distinct schedules. They provide double coverage in the lucrative Toronto and Vancouver markets while also serving their communities with improved local news and information. Two other stations in Kelowna, British Columbia, and Red Deer, Alberta operate as CBC affiliates.

Financial Results: The Global Television Network continued to deliver strong financial results in fiscal 2000 with revenue of $439.0 million and broadcasting operating profit of $161.0 million as compared to $436.9 million and $173.4 million respectively in 1999. WIC stations contributed an additional $105.4 million in revenue and $20.7 million in broadcast operating profit for the five months to August 31, from the date of acquisition, March 31, 2000.

Global Still No. 1: Global solidified its position as the top viewing choice for the target 18 to 49 demographic. Over the 99/2000 season, Global led the ratings with Canada's #1 show *Friends*, and, according to the Spring 2000 BBM sweeps, five of the country's top ten programs aired on Global.

Global also dominated the summer ratings with eight of the top ten shows in the Ontario market. Global Vancouver took the number one spot in prime time from 7 to 11 pm. The top-rated summer program was *Survivor*, which made ratings history, attracting 6.4 million viewers nationally for its two-hour finale.

2000/2001 Line-Up: A humorous dose of hit half-hour sitcoms return to the Global schedule, including *Friends, Dharma and Greg, That '70s Show, Two Guys & A Girl, Will & Grace, Frasier, Malcolm in the Middle*, and *The Simpsons*. Compelling dramas such as *The Practice* and *The X-Files* also return.

As well, *Survivor* is back for a second season, beginning in January. *Survivor II* will follow sixteen strangers stranded in the Australian Outback as they fend for themselves among wild pigs, kangaroos and lizards, for a chance to win US$1 million.

New programs in the fall 2000 Global schedule include:

BOSTON PUBLIC
David E. Kelley's (*Ally McBeal, The Practice*) latest project chronicles the personal and professional lives of a group of teachers working at a high school in suburban Boston.

NORMAL, OHIO
John Goodman stars as a gay father who leaves L.A. to return to his hometown in Ohio and reunite with his son.

COVER ME
A one-hour drama series based on the real life adventures of an undercover FBI family.

THE GILMORE GIRLS
A headstrong manager of an inn and a single mom deal with life in small town Connecticut.

CURSED
A single guy, played by Steven Weber, tells his date that he's not interested in seeing her again. She places a gypsy curse on him, resulting in all sorts of absurd troubles in his life.

CanWest announces details of the $84 million benefits package.

Global Television Network re-brands and launches three former WIC stations in Alberta.

Boston Public

Global News Calgary Tony Tighe and Linda Olsen

A Bumper Crop of Canadian programming includes:

BIG SOUND

Produced in Vancouver by Peace Arch Communications, this comedy series is co-created and co-executive produced by the veteran, Canadian-born comedian, director, writer and producer David Steinberg (*Mad About You, Seinfeld*) and Frank van Keeken (*Mad About You*).

BLACKFLY

Blackfly is a politically incorrect satire of Canada's social and political history created by and starring Canadian comedian Ron James.

BLUE MURDER

A gritty and stylish one hour drama series chronicles a team of Toronto based police investigators and their efforts to solve high profile, politically sensitive crimes.

POP STARS

This reality-based series follows the making of an all-girl Canadian pop band, chronicling the selection and talent development of five young Canadian women who will become the next pop sensation.

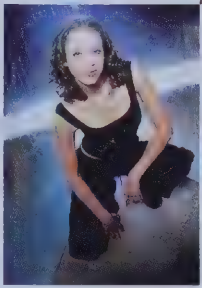
QUEEN OF SWORDS

Produced by CanWest's own Fireworks Entertainment, *Queen of Swords* is a new action/drama series starring Tessie Santiago as a female warrior in a man's world, determined to avenge her father's death and to right the wrongs around her.

GENE RODDENBERRY'S ANDROMEDA

Also from Fireworks, this action/adventure space series stars Kevin Sorbo as the captain of an artificial intelligence ship who recruits a team to help him forge a united civilization across the vastness of space.

Blackfly



Dark Angel

INDEPENDENTS AND AFFILIATES

Targeting a slightly older audience than the Global Television Network, the independent schedules of CHCH Hamilton and CHEK Victoria include the long-running *60 Minutes, 3rd Rock From the Sun* and *Everybody Loves Raymond*. New to the schedule are Bette Midler's vehicle *Bette*, *Ed* (from the producers of David Letterman), and *Dark Angel,* from Titanic producer James Cameron. In addition, CanWest owns and operates two CBC affiliates, RDTV in Red Deer, Alberta and CHBC in Kelowna, B.C., as well as BCTV, which will remain Vancouver's CTV affiliate until September 2001.

News and Information: Local audiences depend upon reliable, relevant, in-depth coverage of the events and issues in their communities. Global News teams across Canada provide the best in local coverage of news, weather and sports. Growing numbers of Canadians are tuning in. Over the past two years, viewership of supper hour Global News programs has grown over 28%. Global Early Evening News reaches 2,220,000 Canadian adults weekly*.

Global acquired additional local news strength through the acquisition of the WIC stations. Vancouver's BCTV supper hour newscast attracts more viewers than any other English-speaking local news program in Canada, and CHBC Kelowna boasts the most watched newscast in the Okanagan region. Global Lethbridge rates number one in Southern Alberta. Global Calgary dominates the morning and early evening news ratings and Global Edmonton's 6 pm newscast is the most watched news program in all of Alberta.

Global's respected bureaus in Ottawa and Washington, along with its network of national correspondents across the country and freelance journalists around the world, provide Canadians with the latest national and international news. In September 2001, Global News will launch a new, early-evening National Newscast, to be produced and hosted out of Vancouver.

*BBM Sweeps data

Big Sound

All in the Family

Hogan's Heroes

PRIME TV

PRIME TV reported tremendous growth in its third year of operation, increasing both its audience share, revenues and operating profits. PRIME TV again exceeded expectations, posting a 71% increase in revenues and 261% increase in profits.

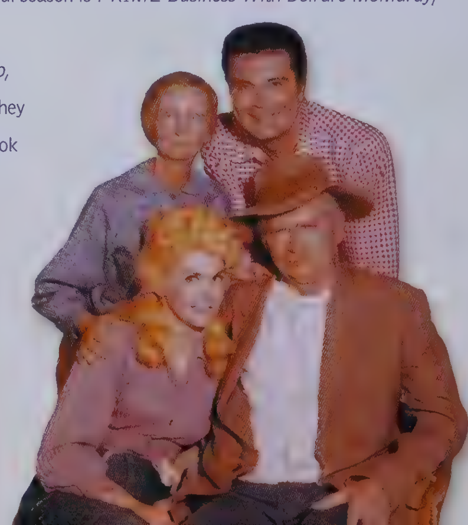
According to Neilsen data, PRIME TV ranks first among Canadian specialties for Adults 35+ and ranks second among all Canadian specialties for women 25 to 54. PRIME TV's cable subscriptions increased by one-third to over 3,700,000 homes, compared to 2,800,000 in January 1999.

The ingredients for PRIME TV's success are a solid combination of classic dramas and sitcoms, lifestyle and current affairs programming, all of which cater to the baby boom generation, the largest and most affluent demographic age group in Canada.

Recent additions to the programming line-up include *Beverly Hillbillies, Hogan's Heroes, The Clampett Clan, Petticoat Junction,* and the 1970's ground-breaking *All in the Family*.

PRIME TV's original programming also captures ever increasing audiences. Entering its third season is *Bynon,* a daily talk magazine show hosted by Canadian broadcaster Arlene Bynon. Returning for its second successful season is *PRIME Business With Deirdre McMurdy,* hosted by one of Canada's best known and respected business journalists.

PRIME TV also aired compelling Canadian specials, including *Mission To Kosovo,* chronicling the work of Canadian police officers in dangerously volatile conditions as they investigate war crimes as part of a UN Mission in Kosovo. *A Journey to Remember* took viewers on a tour of Tanzania where a Canadian team of climbers ascend the majestic Mount Kilimanjaro, and the music special *A Festival of Stars* featured music from Canada's own Tom Cochrane and the Crash Test Dummies. An exclusive two hour documentary *Faith and Fortune: The Reichmann Story,* produced by leading Canadian documentary filmmaker Alan Handel, aired in September.



Beverley Hillbillies

Health, travel, cooking and lifestyle programs round out the 2000/01 PRIME TV schedule. Among the programs commissioned from independent Canadian producers are: *Port Hole TV*, which cruises the world's great cruise ships, *Hit the Spot*, a humorous, fun-filled cooking show, and the new series *Wellness For Life*, which looks at alternative health treatments.

Also returning to PRIME TV with all new episodes are *A Place in the Sun, Taste of Life, Canadian Travel Show, That's Boating, Wine Television,* and *Your Health.*

ROBTV

Through the purchase of the television assets of WIC Western International Communications, CanWest expanded its cable specialty channel holdings with the acquisition of a 50% interest in ROBTv, Canada's only all business news network. ROBTv provides real time coverage of global market activity, breaking business news and economic analysis from a Canadian perspective. ROBTv is received by over 3 million Canadian households, with an estimated weekly reach of 4.3 million. At the direction of the Competition Bureau, CanWest's holdings in ROBTv have been placed in trust, pending resolution of the Bureau's concern that we hold the asset in partnership with the *Globe & Mail*, the major competitor of the *National Post.*

DIGITAL SPECIALTY CHANNELS

In November, CanWest received Canadian Radio-television and Telecommunications Commission (CRTC) approval for 30 digital specialty channels, including three Category One "must carry" licences for an English- and French-language mystery channel – 13th Street (in partnership with TVA and Rogers) and MenTV (in partnership with TVA). CanWest and its partners will be negotiating with cable and/or satellite companies to secure carriage of the remaining digital channels.

Ali Velshi host of The Close

The Insiders with equities analyst Lou Schizas

The Bottom Line with Michael Vaughan

MARKET CHARACTERISTICS

AUSTRALIAN POPULATION 19 MILLION

2000 TELEVISION INDUSTRY ADVERTISING REVENUE A$2.5 BILLION

NUMBER OF TELEVISION HOUSEHOLDS 7.1 MILLION

NUMBER OF NATIONAL COMMERCIAL TELEVISION NETWORKS 3
(with two other national non-commercial networks)

CABLE AND MULTICHANNEL PENETRATION 17%

NETWORK TEN

CanWest holds a 57.5% economic interest in TEN and the network remains an important contributor to our growth and profits. Network TEN experienced strong growth in revenue and EBITDA in fiscal 2000. Revenue rose 7% to A$548.3 million while EBITDA reached a record A$195.6 million.

TEN's market focus on the under 40 demographic is aimed at differentiating the Network from other broadcasters, and delivering a distinct target audience to advertisers. The Network again dominated the 16-24 year old viewers market, while maintaining a significant market share of the broader 16-39 demographic through the combination of international and Australian content across all genres of drama, light entertainment, reality, news and sport. International programs such as *The Simpsons, Just Shoot Me, Dawson's Creek, Charmed, The X-Files, Becker* and *Law and Order,* were important components of the schedule. Over the past year, Network TEN has fine-tuned its schedule to place greater focus on successful Australian productions. *The Panel,* the network's top-rated domestic light entertainment program, features a panel of guests taking an irreverent look at the week's events.

Other made-in-Australia programs on the Network TEN schedule include:

NEIGHBOURS
The longest running series on Australian television and one of the most popular, the daily half-hour series is currently in its 17th year of production. The series has been acquired by 57 countries around the world and has won many awards.

THE PEPSI CHART
Shot at The ARQ, a high-tech club in Sydney, *The Pepsi Chart* features performances by the biggest names in music, accompanied by interviews and the latest news on the music scene.

FIRST AT FIVE & TEN'S LATE NEWS
These one-hour news bulletins, produced and broadcast in 5 capital cities and also seen throughout much of regional Australia in the early evening, enjoy high ratings among target audiences.

GOOD NEWS WEEK
This satirical show dissects the news headlines using a game show format and features a range of prominent Australian and international personalities.

John McAlpine,
Chief Executive Officer,
Network TEN

Over the next year Network TEN will expand its development of new Australian programming. Sue Masters, one of the most respected figures in Australian television, has taken charge of TEN's drama slate, which includes exciting telemovies and one-hour series.

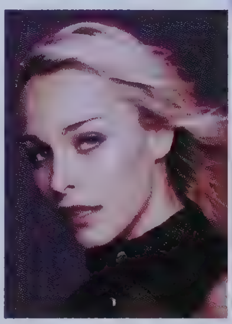
A programming deal with Colombia Tristar provides TEN with some of the best new U.S. programs available, such as *Bette* and *Cursed.* There are also new arrangements with Universal and Paramount for movies and series.

Sports programming is a pivotal component of Network TEN's strategy, including a three-year deal for the rights to broadcast the *U.S. Open Golf Tournament,* the *U.S. Women's Open,* the *U.S. Open's Seniors* event and the *U.S. Amateur Tournament* all beginning in 2001. TEN is also Australia's undisputed leader in the broadcasting of motorsport.

Entry into Outdoor Advertising Business: On October 29, 2000, Network TEN announced the acquisition of a 60% interest in Eye Corp., Australia's second-largest out-of-home advertising company. Eye Corp. has built one of the largest networks of outdoor signage, airport advertising, visual merchandising, point-of-purchase and shopping centre advertising in that country. The A$188 million deal is expected to add more than A$130 million to TEN's annual revenue base with an EBITDA contribution of more than A$40 million annually. This investment extends the market reach of Network TEN and CanWest into Southeast Asia, including Malaysia and Indonesia, which together account for about 10% of Eye Corp.'s revenues.

Online Initiative Expands: In 1999, Network TEN teamed up with Village Roadshow, Australia's largest cinema theme park/resort operator, and owner of the top Australian FM radio network, to form an online partnership called Village TEN Online (VTO). Together, the partners have created a premiere entertainment and leisure Internet destination which launched in October using the brand name SCAPE.

Neighbours



Tory Mussett, host of The Pepsi Chart

The Simpsons

X-Files

On October 29, 2000, Network TEN announced the acquisition of a 60% interest in Eye Corp., Australia's second-largest out-of-home advertising company.

MARKET CHARACTERISTICS

NEW ZEALAND POPULATION 3.8 MILLION

2000 TELEVISION ADVERTISING REVENUE NZ$487 MILLION

NUMBER OF TELEVISION HOUSEHOLDS 1.2 MILLION

NUMBER OF NATIONAL TELEVISION NETWORKS 4

TV3 AND TV4

CanWest owns two national television networks in New Zealand – TV3 and TV4.

From its headquarters in Auckland, TV3 reaches 98% of New Zealand's population. New Zealand's first private commercial broadcaster, TV3 targets the 18 to 49 core demographic and offers a solid and diverse range of domestic productions and top international programs.

CanWest launched TV4 in 1997. Also based in Auckland and reaching approximately 75% of New Zealand's population, TV4 targets a younger urban audience – the 15 to 39 demographic, with upbeat programming focused on comedy, lifestyle and entertainment themes.

Programming Highlights: In the 1999/2000 season TV3 captured a 22% share of the 18 to 49 market and a 24% share of the free to air market.

Locally produced top-ten hits include the award-winning *Inside New Zealand*, a documentary series that looks at everyday New Zealanders in not so everyday situations, and achieved an average 28% audience share in the 1999/2000 season, and *The Big OE*, a reality series following a group of young kiwis on a 21 day, eight country bus tour through Europe. Other highly successful New Zealand programs are *20/20*, which delivers in-depth and controversial news stories relevant to all New Zealanders; and *Target*, a breakthrough consumer rights show.

Popular imported programs include *Sex and the City*, the highest rated program on New Zealand television, *The Practice* and *Malcolm in the Middle*, all of which have developed loyal followings.

TV3 also commissioned two new major locally produced series – *Hopeless* and *Being Eve*. *Hopeless* showcases New Zealand's new talent in a 26-part series based on the misguided efforts of a group of "20-somethings" to come to terms with life, love and the opposite sex. *Being Eve* centres on the life experiences of a 14 year old girl.

Brent Impey, Group Chief Executive, CanWest New Zealand (left) and Rick Friesen, Managing Director TV3/TV4 (right)

In late 1999, TV3 concluded a sports program deal with pay TV operator SKY Television that makes TV3 the leading free-to-air sports broadcaster in New Zealand. The comprehensive schedule of domestic and international rugby and cricket matches, as well as major international tennis and golf tournaments, attracted large audiences for TV3 and significantly increased revenues. Carriage on the Sky TV digital platform this year further extended the TV3 reach.

Financial results at TV3/TV4 continue to be affected by the fragile economic conditions in New Zealand. The Company has made managerial adjustments at TV3/TV4 to address the challenges in New Zealand television.

Janet Wilson
host of Target

Dave Brown
host of
3 Sport

Chris Cairns
celebrates

Malcolm in
the Middle

20/20

TELEVISION BROADCASTING

IRELAND AND U.K.

MARKET CHARACTERISTICS REPUBLIC OF IRELAND	
	POPULATION 3.6 MILLION
	2000 TELEVISION ADVERTISING REVENUE est. IEP£136 MILLION
	NUMBER OF TELEVISION HOUSEHOLDS 1.2 MILLION
	NUMBER OF NATIONAL TELEVISION NETWORKS 4
	TV3 NATIONAL PENETRATION 88%

TV3 IRELAND

On September 11th, 2000, CanWest welcomed Granada Media plc. as a partner in TV3, the Republic of Ireland's fastest growing independent free-to-air national broadcaster. Granada Media announced the purchase of a 45% stake from existing Irish shareholders, paying GBP£18.2 million for a 45% stake. CanWest will retain its 45% equity stake in TV3. Involvement of Granada Media will accelerate the already rapid growth of TV3, increase the value of CanWest's stake in the network, and open the door to future collaboration with Granada Media on other ventures.

The partnership with Granada Media secures for TV3 some of the best programming available in the U.K., including the highest rated program, *Coronation Street* (which will move from Irish public broadcaster RTE to TV3 in January 2001), and *Emmerdale*, another top-rated British import.

On Track to Profitability: Audiences and revenues continued to grow at TV3, which celebrated its second anniversary in September 2000. TV3 increased its share of the television audience in the Republic of Ireland to over 9%, revenues grew by 79%, and the network is on track to become profitable in the coming year.

TV3 increased its all day adult share by 53% in 2000 and now holds the third highest share in the market for its target audience of adults 15-44. In peak time, TV3's adult audience has risen 39% over the past year. TV3 already ranks ahead of Channel 4, BBC2, Sky One and Sky News in audience share, and is one of the top five television channels available to Irish viewers.

Viewing of the network's news programming increased by 53% over a year ago, with a weekly audience reach of more than 1.2 million. And the success story of the year – TV3's *Ireland AM* is the most-watched breakfast show in Ireland, after only six months on air. Other news specials and exclusives added to the success of TV3 news.

Rick Hetherington, CEO TV3

Agenda, a recently launched public affairs program hosted by Irish economist David McWilliams has excellent ratings and looks to be a winner in the coming year. TV3 also renewed an agreement with Paramount for hit shows such as *Sex in the City, Charmed* and *Judge Judy*, and also broadcasts the hit shows *Law and Order: Special Victims' Unit* and *Buffy the Vampire Slayer*.

Live coverage of the UEFA Champions League Soccer – 33, the world's premier soccer competition, that started mid-September 2000, also contributes to the positive momentum at TV3.

Ursula Halligan,
TV3's Chief Political Correspondent,
was named "TV Journalist of the Year" in 2000
by the ESB / National Media Awards which
recognize excellence in print, radio, and
television journalism in the Republic of Ireland.

ULSTER TELEVISION

CanWest owns a 29.9% equity interest in Ulster Television (UTV), Northern Ireland's Independent Television (ITV) franchise. UTV serves Northern Ireland from its base in Belfast and reaches most of the Republic of Ireland over the air and on cable systems. UTV is Northern Ireland's most popular television station with a peak time viewing share of 44.2%. In addition, UTV is a solid performer among audiences in the Republic of Ireland.

During fiscal 1999, which ended on December 31, 1999, UTV completed a significant restructuring which led to improved results in the first six months of fiscal 2000. UTV reported a 20% increase in earnings as higher advertising revenues coupled with cost-cutting measures taken earlier. In addition, UTV realized a GBP£13.4 million gain on the sale of its Societe Europeenne des Satellites (S.E.S.) holdings in February 2000.

UTV declared an increased interim dividend payment of 3.6 pence per share in September, 2000, a 16% increase over the interim payment covering the same period last year.

On March 2nd, 2000, UTV announced it had acquired Direct Net Access (DNA) one of Ireland's leading Internet service providers. The property was then rebranded and launched in June of 2000 as UTV Internet, Ireland's first free Internet service provider. UTV Internet set a target of 60,000 subscribers for the first full year of operation. By September 2000, UTV Internet had reached 20,000 subscribers and was on track to achieve its first year target.

With strong management, a commanding position in its market and access to the lucrative market in the Republic of Ireland, we fully expect that UTV will continue its steady growth.

Sex and the City

Buffy the Vampire Slayer


p u b l i s
OTTAWA CITIZ
NATIONAL PO
CALGARY H
The Sta
THE VANCOUVE

h i n g

NATIONAL POST

THE DAILY NEWS

The Telegram

The Guardian

The Gazette

The Standard

OTTAWA CITIZEN

THE WINDSOR STAR

LeaderPost

The StarPhoenix

CALGARY HERALD

The Edmonton Journal

THE VANCOUVER SUN

The Province

TIMES COLONIST

On July 31st 2000, CanWest announced the largest transaction in the history of the Canadian media industry with the acquisition of the principal metropolitan operations of the Hollinger chain of Canadian newspapers and Internet properties, as well as a 50% interest in the *National Post*. The $3.2 billion transaction includes 14 large metropolitan English language daily newspapers, an additional 126 daily and weekly newspapers and shoppers, all of the Hollinger and Southam Internet properties, and co-ownership of the *National Post*.

The transaction closed on November 16, 2000. Under the deal, CanWest paid $1.8 billion in cash and approximately $620 million in the form of 24.3 million Non-Voting Shares valued at $25 per share, 2.7 million Multiple Voting Preferred Shares at $3.75 per share, and a 10-year subordinated debenture in the amount of approximately $770 million issued to the vendors.

As part of the transaction, Hollinger acquired a 15% equity share and just under a 6% voting interest in CanWest. As well, two Hollinger executives, Conrad Black and David Radler, joined the CanWest Board.

The acquisition of these publishing and Internet assets by CanWest represents the biggest media convergence deal in Canadian history. By combining the powerful CanWest and Hollinger brands and their unmatched content production resources for news, entertainment and information, CanWest will link advertisers to their customers better than ever before. The combination of national and major city dailies, along with a national television network, local tv stations, specialty television networks and Internet portals will generate unmatched marketing and cross-promotional opportunities.

CanWest is now the largest Canadian-based, international multi-media news, information and entertainment company.

INTEGRATION OF THE HOLLINGER ASSETS

Ravelston, Hollinger's parent company, has agreed to participate in management of the acquired publications for up to 13 months following completion of the transaction, in order to maintain continuity and to allow CanWest sufficient time to implement an orderly integration of the acquired assets. An integration team, headed by David Asper, a member of the Executive Committee of the CanWest Board, and Tom Strike, CanWest's Chief Operating Officer, will lead this project.

The *National Post*, operated as "The National Post Company, A Hollinger/CanWest Partnership", with equal representation from CanWest and Hollinger on its Partnership Committee, will continue to be managed by The Ravelston Corporation for the next five years, with Mr. Conrad Black as Chairman, to ensure that the newspaper realizes its potential to become Canada's most profitable national newspaper. CanWest will appoint a co-chairman. On and following the fifth anniversary, the Board will be increased by the appointment of one independent director and CanWest and Hollinger will each appoint a Co-Chairman to the Partnership Committee whereby the newspaper will then be under joint CanWest/Hollinger management.

The daily and weekly newspapers and trade magazines will be operated under the "Southam Publishing – A CanWest Company" banner. The 14 major Canadian dailies include: *Halifax Daily News, St. John's Telegram, Charlottetown Guardian, Montreal Gazette, Ottawa Citizen, Windsor Star, St. Catharine's Standard, Regina Leader Post, Saskatoon Star-Phoenix, Calgary Herald, Edmonton Journal, Vancouver Sun, Vancouver Province* and *Victoria Times Colonist*. CanWest also owns and operates 126 daily and weekly newspapers and shoppers in smaller communities.

Leonard Asper and I.H. Asper announce the largest acquisition in Canadian media history.

First park trees axed
THE DAILY NEWS
We're going Global
CanWest Global buys Daily News, Southam
Court decides medical pot OK
$3.5B blockbuster
The Telegram
Canwest buys Hollinger papers
VANCOUVER SUN
$3.5 billion buys media empire
RONDELL WHITE TO CUBS FOR PITCHER. E1
SINCE 1778
SPORTS FINAL
TUESDAY, AUGUST 1, 2000 57¢
OUTSIDE METRO AREA 70¢
New news empire is born
CanWest Global picks up dailies from Hollinger for $3.5 billion
MARY LAMEY
Details of the deal
MAJOR PROPERTIES FROM HOLLINGER INC.
EDMONTON JOURNAL
Black sells empire for $3.5B
CALGARY HERALD
Alberta will keep detaining child hookers
Hollinger, CanWest ink blockbuster media deal
COLONIST
$3.5-billion deal creates media giant
KLEIN LOSES OVER CRITICS OF HEALTH BILL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CANWEST ENTERTAINMENT

2000 was another successful year at CanWest Entertainment, led by Chairman and Chief Executive Officer Jay Firestone and headquartered in Toronto. Each of its three divisions – Fireworks Entertainment, the financing and production division, Fireworks Pictures, the feature film sales unit, and Fireworks International, the worldwide television sales arm, experienced substantial growth. Fireworks' film and television programs were among the top-rated hits of the year.

In July, CanWest Entertainment acquired the Endemol film library. The transaction, valued in excess of $110 million, includes valuable distribution rights to approximately 600 hours of quality television programming. Movies produced for U.S. networks and cable channels by Alliance Atlantis, Trimark Pictures, Hearst Entertainment and Lions Gate Films are among the acquired properties. The library also includes popular TV series and mini-series such as *Beastmaster, Cold Squad* and *PSI Factor*. The acquisition more than doubles the existing program library of CanWest Entertainment and will contribute to a substantial growth in revenues and profits at CanWest Entertainment for fiscal 2001 and beyond.

CanWest Entertainment also doubled its production and distribution slate from 74 to more than 144 hours of top-quality programming. CanWest Entertainment forged marketing and distribution alliances with leading American entertainment companies to deliver the output to broadcasters and exhibitors around the world.

In April 2000, CanWest Entertainment, Samuel Goldwyn Films and Stratosphere Releasing launched IDP Distribution, a joint venture to market and distribute feature films in North America. The new entity consolidates the marketing and distribution activities of the three partners. Michael Silberman, former Senior VP of distribution for October Films and a twenty-year veteran of the independent film scene, is COO and President of Distribution and Marketing for IDP, which plans to release approximately twenty films per year.

CanWest Entertainment expanded its Los Angeles-based development and production office in order to strengthen alliances with U.S. networks. Robb Dalton, former Senior Vice-President of CBS Enterprises, joined CanWest Entertainment to spearhead the Fireworks Television development activities.

Jay Firestone, Chairman and CEO of CanWest Entertainment

Based in Toronto, Fireworks Entertainment is CanWest Entertainment's development, financing and production unit. Led by President Adam Haight, the division continues to grow its production slate with new series and continues its extraordinary track record with the renewal of each of its series in current production.

One of Fireworks 99/2000 success stories is *Caitlin's Way,* which made ratings history on U.S. broadcaster Nickelodeon. The series debut was the highest rated premiere in Nickelodeon's twenty-year history, making it the most successful Canadian production in the U.S. children's live action drama series market. *Caitlin's Way* was renewed for an additional 26 episodes on Nickelodeon and Canadian broadcaster YTV, where the series holds a steady spot in the top ten for non-animated programs on the channel. *Caitlin's Way* is also a worldwide success, distributed internationally by Fireworks International.

Relic Hunter airs on CHUM/City in Canada and is in first run syndication with Paramount Television in the U.S. *Relic Hunter* continues to rate well in all markets and was renewed for a second season. *La Femme Nikita* was also renewed by USA Network for a fifth season of additional episodes. *Robocop: Prime Directives* (4 x 2 hour MOW's) was produced by Fireworks and delivered to CHUM/City in Fiscal 2000.

New series in production include the action/adventure space series *Gene Roddenberry's Andromeda,* starring Kevin Sorbo, which debuted in the U.S. as the #1 weekly hour in national syndication, and the action series *Queen of Swords,* both of which appear on Global Television in Canada.

Relic Hunter

Queen of Swords

Adam Haight, President, Fireworks Entertainment

FIREWORKS INTERNATIONAL

Fireworks International is based in London and led by President Greg Phillips. Fireworks International distributes programming around the world, and acquires programs from independent producers for worldwide distribution.

The acquisition of the Endemol library deal adds high quality depth to Fireworks International's program library and significantly enhances the company's strength as a supplier of commercial television products to international markets. Fireworks International now holds a library of more than 1200 hours of television programming. CanWest also has a first right to acquire distribution rights to future television programs in the Endemol production pipeline.

Fireworks International is the worldwide distributor for Fireworks' series *Gene Roddenberry's Andromeda* and *Queen of Swords*. Fireworks International also acquired the international distribution rights to *Blonde*, the upcoming Marilyn Monroe mini-series airing on CBS, *Even Stevens*, a new kids series airing on Disney Channel, *Being Eve*, a new kids series produced for TV3 New Zealand, and two new CourtTV documentary series, *Mugshots* and *Assassins*. In addition, Fireworks International continues as the international distributor for the returning hit series *Relic Hunter, 18 Wheels of Justice, Caitlin's Way* and *100 Deeds for Eddie McDowd*, all in their second seasons of production, and *Real Kids Real Adventures*, now in its fourth season.

Rules of Engagement

FIREWORKS PICTURES

Fireworks Pictures, the feature film distribution arm of CanWest Entertainment, headed by Daniel Diamond, acquired international distribution rights to *Rules of Engagement*, a major Paramount Pictures domestic release which opened number one in North America.

Over the year, Fireworks Pictures completed production of the feature films *Cletis Tout* starring Tim Allen and Christian Slater and *American Rhapsody* starring Nastassia Kinski.

Fireworks Pictures is currently in production on the film *Interstate 60* starring James Marsden and Gary Oldman, and has acquired the international distribution rights to *Rat Race* starring Rowan Atkinson, Whoopi Goldberg and John Cleese, and *Hardball* starring Keanu Reeves and Diane Lane. Both pictures will be released domestically by Paramount Pictures.

Fireworks' 2001 domestic release slate includes quality, independent films such as *Shadow Hours, Solas, Simon Magus, Faithless* and *Better Than Sex*.

Gene Roddenberry's Andromeda

Caitlin's Way


radio
broad
MORE FM
THE BREEZE

c a s t i n g

CANWEST RADIO NEW ZEALAND

CanWest Radio New Zealand expanded its holdings in May with the acquisition of a 72% stake in one of its main competitors, RadioWorks New Zealand Limited, for a total cost of NZ$73.4 million.

RadioWorks is New Zealand's second-largest radio group, operating four national radio networks and 23 local stations. RadioWorks stations reach into rural and provincial New Zealand, providing an ideal partner for the more metropolitan focus of our existing CanWest Radio New Zealand family of stations: MORE FM, includes an adult contemporary radio format, broadcast from stations in Auckland, Wellington, Christchurch, Dunedin and Hamilton; Channel Z, targeting a younger group with rock music programming and broadcasts from Auckland, Wellington and Christchurch; and the easy listening station The Breeze operates out of Wellington.

MORE FM's share of audiences continues to grow. In the Christchurch metropolitan area, for example, MORE FM dominates with 35.7% of all listeners aged 10+. In the 18-34 demographic and the 25-54 demographic, MORE FM's market share is roughly three times that of any other station.

The RadioWorks group of stations include Solid Gold FM, targeting the baby boom generation; Radio Pacific, aimed at the 40 plus set; The Rock FM Network with an 18 to 39 demographic; and The Edge, a hit music station with over 200,000 listeners nationwide and appealing to the 15 to 34 age group.

With its investment in RadioWorks, CanWest Radio becomes the second-largest radio group in New Zealand, with a 44% share of the radio advertising market, and is poised for further revenue growth and improved overall performance in the coming year.


i n t e r a
m e
Faceof
Globaltv.co
canada.com
allCanadian
sports.ca
rclick.com
LIFESER
careerclick.com

c t i v e
d i a

In just under a year, CanWest Interactive has vaulted to a leadership position in the Canadian market. Launched in 1999 with the acquisition of 20% of Internet Broadcasting Systems (IBS) and a 27% investment in Lifeserv Corporation, CanWest Interactive has taken a giant step forward as a result of the acquisition of the new media properties of Hollinger Inc. and Southam newspaper portals. These include canada.com, Canada's second most popular news site with over 65 million page views per month. canada.com is a full-service portal for personalized information and services including careers (careerclick.com), cars (carclick.com) and news, shopping and business directories. CanWest Interactive also acquired an 80% interest in the hockey portal faceoff.com. Over the next year, CanWest Interactive's priority is to integrate the Hollinger Internet properties into the CanWest family, and to explore synergies and develop linkages between these portals and other CanWest Internet properties, as well as with our publishing and broadcasting assets.

CanWest Interactive made two other strategic investments this year, acquiring a 32% stake in Medbroadcast Corporation, the developer of medbroadcast.com, one of Canada's leading Internet sources for health information, and acquiring a controlling interest in All Sport Ventures which operates the allcanadiansport.ca portal for amateur sport in Canada.

In partnership with IBS, Global Television launched globaltv.com, in-depth local news and information websites linked to Global television stations in cities across Canada. By October 2000, nine globaltv.com sites, plus an additional five sites for CanWest's independent stations, were up and running. The sites are part of a cross-promotion strategy to build Global Television's audiences by promoting Global news and entertainment programming and encouraging audiences to view or tune in to other CanWest related sites and television properties.

IBS also partnered with major American media companies to launch 42 local news and information sites associated with television stations in cities across the United States. LifeServ has gained considerable momentum over the year by forming marketing alliances with major companies such as Canadian financial services provider Clarica, and U.S. based Kraft Foods Inc., H.J. Heinz Company and Johnson & Johnson.

Gary Maavara, Vice-President & General Manager, New Media, Global Television (left) and Bruce MacCormack, President, CanWest Interactive (right)


p r o d u c t
s e r
SHUTTLE
JOG
REVERSE
TAPE
EXT
RECORDER
APPLE BOX PRODUCTIO
CANWEST
STUDIOS

i o n

v i c e s

As part of CanWest's purchase of the television assets of WIC, CanWest acquired ownership of a commercial production house, a post-production facility and a studio, all of which are based in Edmonton, Alberta.

APPLE BOX PRODUCTIONS

With offices in Edmonton, Toronto, Vancouver and Los Angeles, Apple Box Productions has over 25 years experience as commercial production providers with clients in Canada, the United States, and Europe. A subsidiary company, Direct Hit Productions, has over 15 years experience in direct response and .com advertising, infomercials and corporate videos.

Over the past year Apple Box produced commercials for Telus, Eatons, Honda, Labatts, Kraft Foods, London Drugs, Western Canada Lotteries, and The United Way. Recent awards include a Bronze Lion from the Cannes Film Festival for a St. John Ambulance commercial produced for PJDDB Advertising. Apple Box picked up three gold prizes and a bronze at the Canadian Marketing Awards, as well as a gold medal at the Bessies.

STUDIOPOST FILM LABS, TRANSFER & POST PRODUCTION

StudioPost is a full-service, state-of-the-art post-production facility offering a wide array of services, including graphics/animation, new media, video editing, closed captioning, digital editing and non-linear offline, and film processing and transfers with the latest in film transfer equipment.

StudioPost serviced large American productions, such as Disney's *Honey I Shrunk The Kids* tv series, the CBS pilot *Fargo – The Series*, and Paramount Pictures' feature *Snow Day*, as well as a Canadian program, *North of 60*.

Over the past year, StudioPost provided services for all the major advertising campaigns of The Brick and much of the editing for Great North Productions documentary series *The Canadians, Acorn: the Nature Nut, The Things We Do For Love, Daredevils* and *Inferno*. Alberta-produced series such as *Mentors, Incredible Story Studio*, and *The Tourist* used the StudioPost lab and telecine. Feature films, *Anthrax* and *Double-Framed*, and the tv movies, *Wild Geese* and *North of 60: The Dream Storm*, also used StudioPost services.

CANWEST STUDIOS

CanWest Studios, founded by one of Canada's broadcast pioneers, the late Charles Allard, is a complete film and television centre with a 15,000 square foot soundstage, as well as furnished production offices and dressing rooms, prop and art department rooms, fully equipped carpentry and paint shops, and grip and lighting equipment. The Edmonton-based studio can accommodate feature films, MOWs, TV series and specials, commercials and music video productions.

Over the past year, the studio served the feature films *Framed*, produced by Calgary's Illusions Entertainment, and *War Bride*, a Canada-U.K. co-production. TV series shot in the studio include Minds Eye Pictures/Anaid Productions' children's series *Mentors* and a travel show *The Tourist*. Numerous commercials were shot at the facility for companies such as Telus, Thinkway Toys, Spinmaster Toys and the Alberta Worker's Compensation Board.

Imagine A Caring Company

CanWest and its operating units have a long history of community involvement, providing both airtime promotion and cash donations in support of charitable events and organizations. CanWest is designated "A Caring Company" by the Canadian Centre For Philanthropy. As a member of Imagine, the Company sets aside a minimum of 1% of pre-tax profits for donations to non-profit organizations and projects which enhance local communities.

Global Television stations across Canada support numerous fundraising events in their local communities, donating airtime, staff, and financial contributions. In fiscal 2000, close to $2 million in cash donations and over $9.2 million in airtime were disbursed across Canada by CanWest and its television operations.

Global Saskatchewan, for example, supported the Teddy Bear's Bash, airing a three-hour special from Regina and Saskatoon to raise money for the Children's Health Foundation of Saskatchewan. Global Ontario made a strong commitment to KidsAction – a charity committed to making a difference in the lives of children with disabilities. Global Maritimes worked with Junior Achievement and Sport Nova Scotia. Global Winnipeg raised over $600,000 for disabled and disadvantaged children in Manitoba through the Variety Show of Hearts televised broadcast. Global Quebec's fundraising activities included $10,000 for the Missing Children's Network.

CanWest funded a number of major initiatives in its head office city of Winnipeg, including ongoing support of the CanWest Global Park, home of the Winnipeg Goldeyes Baseball Club. CanWest also helped make possible the CanWest Global Performing Arts Centre, which opened in October 1999. CanWest provides ongoing support for the performance series of Manitoba Theatre For Young People, which makes its home in the Centre.

CanWest Global Foundation

CanWest Global Foundation President, Gail Asper.

CanWest's international operations are also strong supporters of charitable causes. TV3 New Zealand raised over NZ$420,000 for children's charities, working with organizations such as Starship Children's Hospital and The Fred Hollows Foundation, which prevents and treats avoidable blindness in developing countries. TV3 Ireland raised over IEP£900,000 for the less fortunate in Kosovo and Ethiopia as part of two on-air appeals to its viewers. For the past twelve years Network TEN has sponsored a national youth achievement award which recognizes the contributions of young people to society. Network TEN is also active in Winter Sleepout, a national fundraising event in support of city missions throughout Australia, the work of UNICEF, The Salvation Army, and St. Vincent de Paul, among many others.

Boyd Duff and Sami Lukis: hosts of Wakikirri.

CANWEST GLOBAL FOUNDATION

The CanWest Global Foundation, led by Gail Asper, was established in 1997 with an initial contribution of $1 million. The Foundation focuses its support primarily on the performing arts and broadcast education, as well as the United Way.

In June, Red River College in Winnipeg officially opened the new CanWest Global Multimedia Classroom and Studio with the support of the CanWest Global Foundation which committed $50,000 over five years towards the project. The newly renovated facility is used in the production of videotape, CD-ROM and Internet based training materials for the College's on-site and distance education programs.

Throughout the summer months, the Foundation funded a series of free-to-the-public outdoor concerts at The Lyric, an outdoor performance centre built with the help of a contribution from The Asper Foundation, established by CanWest's founding family.

The CanWest Foundation has been a longtime supporter of the University of Manitoba, offering student bursaries for the law school and supporting the Aboriginal Business Education Program. In July, the University of Manitoba named its Faculty of Management the I.H. Asper School of Business in honour of CanWest Global Executive Chairman Israel Asper and his longtime support of the institution as a donor and a graduate.

Additionally, the CanWest Foundation supports numerous arts festivals – such as the Winnipeg Jazz Festival, Freeze Frame International Children's Festival, the Winnipeg International Writers Festival, Prairie Music Week, the Winnipeg Folk Festival and the Fringe Festival. Arts organizations receiving support include Winnipeg Symphony Orchestra, Prairie Theatre Exchange, Manitoba Opera, Winnipeg Art Gallery, Rainbow Stage, Manitoba Theatre Centre, among many others.

WIC BENEFITS

As part of its acquisition of the television assets of WIC Western International Communications, CanWest announced an $84 million benefits package to be disbursed over a 5-year period. Specific beneficiaries of the package include:

- Western Independent Producers Fund is a $23.9 million fund administered from an independent office in Edmonton, Alberta and provides funding for film and television projects produced by independent producers in Western Canada. Drama, documentaries, and children's programming are all eligible for these new funds.
- The Alberta Film Commission received $250,000 towards its efforts to market Alberta as a location of choice for film and television production.
- The Banff Television Festival received $500,000 for a Grand Prize Rockie Award – this award will be the highest honour at the Banff International Television Festival and will celebrate excellence in television programming. This prize is the world's largest cash award ever given for television production.
- Economic Development Edmonton is being supported with $250,000 towards the opening of a Film Development Office to market and co-ordinate the city's film and tv production activities.
- Lethbridge Community College received $225,000 to fund a news broadcasting centre.
- The University of Lethbridge was given a $100,000 contribution for a multimedia production centre.
- Red Deer College received $225,000 to open Alberta's first applied degree for motion picture arts. CanWest Global is the founding patron of this program.
- Grant MacEwen College is the recipient of $150,000 to be used for bursaries and scholarships for students in the Communications and Broadcast Journalism fields.
- The University of Alberta received $100,000 to endow the Global Television Network Acting For The Camera Program, to be run by the University's Drama Department.
- Athabasca University was given $100,000 to fund the formation of a Media Studies Website.
- The Academy of Canadian Cinema and Television received $500,000 towards the creation of a humanitarian award to be handed out at the annual Gemini Awards.
- The National Screen Institute-Canada was given $1.5 million towards the creation of a Global Television International Marketing Fund.
- Canadian Women In Communications received $500,000 for a women's mentoring program.
- The Canadian Film and Television Production Association was given $500,000 towards a Global Television British Columbia Mentoring Program.
- The Toronto International Film Festival received $500,000 to support The Film Circuit, a grassroots distribution network for Canadian and independent feature film. The Film Circuit distributes films in partnership with local communities across Ontario and British Columbia.
- The Canadian Film Centre received a $1.5 million contribution towards the building of the Global Television Network Multimedia Production Studio.
- An additional $1 million will be distributed among British Columbia educational institutions.
- An additional $350,000 will be distributed among Alberta educational institutions.
- Other recipients include: Concerned Children's Advertisers ($500,000), National Blind Reading Service ($500,000), Historica ($500,000), Alberta Motion Picture Industries Association ($500,000), Mohawk College ($1,000,000), and McMaster University ($1,000,000).

CanWest CEO, Leonard Asper, hands over a cheque for $500,000 to The Banff Television Foundation's Pat Ferns.

CANWEST SCHOLARSHIPS AND AWARDS

CanWest plays a leadership role in the Canadian media industry by sponsoring several scholarship and award programs, including four Broadcaster of the Future Awards, held in conjunction with the Canadian Association of Broadcasters and designed to encourage and assist talented young Canadians to further their careers in the Canadian broadcasting industry. The Aboriginal Peoples' Internship award is valued up to $10,000 and places the recipient in a four month paid internship program at a Global Television station. The 2000 recipient is Nicole McCormick of Hamilton, Ontario. The Scholarship Award for a Canadian Visible Minority Student, won this year by Sharon Navarro of Hamilton, provides $4,500 in support of broadcast education. The Scholarship-Internship Award for a Canadian with a Physical Disability, awarded in 2000 to Tara Weber of Winfield, B.C., is valued at $15,000 and provides financial assistance for one year of broadcast education and an internship at the Global Television Network. The I.H. Asper Broadcast Entrepreneur of the Future Award is a $5,000 prize presented to a broadcast executive whose entrepreneurial skills, creativity and vision set him or her apart from their peers. This year's recipient is Beverlee Loat, the principal of Edmonton-Alberta new media company Communications Frontiers.

CanWest is also a sponsor of the annual $8,000 Global Television Network/Canadian Women in Communications Management Development for Women Award. The award provides the opportunity for the recipient to attend the National Association of Broadcaster's Management Development Seminar for Television Executives at Northwestern University. This year's award goes to Marie-Christine Dufour, Vice-President, Public Affairs, at CineGroupe, an animation and new media company in Quebec.

Established in 1996, the CanWest Global Community Spirit Awards celebrate the volunteer contributions of our employees. One employee from each Global Television station is selected annually based on significant volunteer contributions to charitable and community related activities. These employees then select a charity of their choice and CanWest donates $1,000 in each employees name.

CanWest encourages its employees to contribute to the community through the Matching Gift Fund, whereby CanWest matches dollar-for-dollar cash donations up to $200 from employees to registered charities.

Loren Mawhinney, Vice-President, Canadian Production at Global Television, presents a $1,250,000 cheque to National Screen Institute Canada.

SPECIAL AWARDS IN 2000

CanWest founder and Executive Chairman Israel Asper was inducted by the Lieutenant-Governor into the newly formed Order of Manitoba.

MANAGEMENT'S REPORT TO SHAREHOLDERS

The accompanying financial statements were prepared by the management of the Company, which is responsible for the integrity and objectivity of the information contained therein. The statements have been prepared by qualified personnel in accordance with policies and procedures established by management. The Company's procedures and related internal control systems are designed to provide assurance that accounting records are reliable to safeguard the Company's assets.

In management's opinion, the consolidated financial statements fairly reflect the financial position of the Company, the results of its operations and cash flows and are prepared in accordance with generally accepted accounting principles.

In addition to the consolidated financial statements, management has prepared unaudited combined financial information which include the accounts of the Company's investment in NetworkTEN on a proportionately consolidated basis and the results of operations of the WIC regulated properties for the period from the acquisition of WIC (April 1, 2000) to the date of regulatory approval of the acquisition (July 6, 2000), which are supplementary to the consolidated financial statements. Management believes that the unaudited combined financial statements provide additional meaningful information regarding the magnitude and impact of the Company's investment in NetworkTEN and WIC. PricewaterhouseCoopers LLP, Chartered Accountants' compilation report on the unaudited combined financial information can be found opposite.

PricewaterhouseCoopers LLP, as the Company's external auditors, have audited the consolidated financial statements and their report can be found on page 57. Their opinion is based upon an examination conducted in accordance with generally accepted auditing standards and a review of the Company's accounting policies and procedures and internal control systems. Based upon the evaluation of these systems, the external auditors conduct appropriate tests of the Company's accounting records and obtain sufficient audit evidence to provide reasonable assurance that the financial statements are presented fairly, in all material respects, in accordance with generally accepted accounting principles.

The Audit Committee, none of the members of which are officers of the Company, meets at various times throughout the year, and reviews the Company's consolidated financial statements before recommending them to the Board of Directors for approval. It also reviews reports prepared by the external auditors of the Company on the Company's accounting policies and procedures and internal control systems. The Audit Committee recommends the appointment of the Company's external auditors, who are appointed annually by the Company's shareholders.

John Maguire

John E. Maguire, C.A.
Vice President, Finance and Chief Financial Officer
November 27, 2000

COMPILATION REPORT

To the Directors of CanWest Global Communications Corp.

We have reviewed, as to compilation only, the accompanying unaudited combined balance sheet of CanWest Global Communications Corp. as at August 31, 2000 and the unaudited combined statements of earnings, retained earnings and cash flows for the year then ended which have been prepared for the inclusion in the Company's annual report. In our opinion, this unaudited combined financial information has been properly compiled to give effect to the proportionate consolidation of the Company's investment in Network TEN Limited, the consolidation of WIC Western International Communications Ltd. effective April 1, 2000, and the assumptions described in Note 1 thereto.

Readers are cautioned that this unaudited combined financial information has been prepared by management as supplementary information to, and not as replacement for, the audited consolidated financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants

October 28, 2000

COMBINED STATEMENTS OF EARNINGS

For the years ended August 31 (unaudited)

	2000 $000	1999 $000
Revenue	1,081,318	881,998
Operating expenses	789,326	616,957
Operating profit before undernoted	291,992	265,041
Corporate and development expenses	15,879	885
Write-down of program inventory	12,566	—
Operating profit before amortization	263,547	264,156
Amortization of broadcast licences and goodwill	21,741	13,495
Amortization of capital assets	20,566	19,195
Other amortization	7,518	4,159
	213,722	227,307
Financing expenses	(55,339)	(34,291)
Investment income	101,213	3,424
Dividend income	2,688	19,049
	262,284	215,489
Provision for income taxes	101,115	78,576
Earnings before the following	161,169	136,913
Minority interests	2,174	9,791
Interest in earnings of equity accounted affiliates	637	899
Realized translation adjustments	(1,300)	(1,500)
Net earnings for the year	162,680	146,103

Earnings per share:		
Net earnings		
Basic	$1.09	$0.98
Fully diluted	$1.08	$0.97

The notes constitute an integral part of the combined financial statements.

COMBINED BALANCE SHEETS

As at August 31 (unaudited)

	2000 $000	1999 $000
ASSETS		
Current Assets		
Cash and short term investments	94,981	46,000
Accounts receivable	282,257	164,634
Investment in film and television program rights	91,503	113,925
Other	6,285	8,945
	475,026	333,504
Other receivables	10,310	—
Other investments	389,532	691,759
Investment in film and television program rights	251,114	45,502
Property and equipment	208,510	129,903
Broadcast licences and goodwill	1,220,261	433,699
Other assets	98,063	55,063
	2,652,816	1,689,430
LIABILITIES		
Current Liabilities		
Bank loans and advances	16,255	13,820
Accounts payable and accrued liabilities	279,045	174,846
Income taxes payable	66,181	38,163
Film and program accounts payable	34,109	55,192
Deferred revenue	41,022	4,144
	436,612	286,165
Long term debt	1,196,915	548,925
Film and program accounts payable	22,260	4,028
Other accrued liabilities	74,236	8,616
Deferred income taxes	35,780	26,082
Minority interests	21,722	19,399
	1,787,525	893,215
SHAREHOLDERS' EQUITY		
Capital stock	420,260	416,083
Contributed surplus	3,647	3,647
Retained earnings	529,112	412,833
Cumulative foreign currency translation adjustments	(87,728)	(36,348)
	865,291	796,215
	2,652,816	1,689,430

The notes constitute an integral part of the combined financial statements.

COMBINED STATEMENTS OF RETAINED EARNINGS

For the years ended August 31 (unaudited)

	2000 $000	1999 $000
Retained earnings – beginning of year	412,833	311,544
Net earnings for the year	162,680	146,103
Dividends	(44,933)	(44,814)
Excess of redemption amount over stated amount of shares redeemed	(1,468)	—
Retained earnings – end of year	529,112	412,833

The notes constitute an integral part of the combined financial statements.

COMBINED STATEMENTS OF CASH FLOWS

For the years ended August 31 (unaudited)

	2000 $000	1999 $000
CASH GENERATED (UTILIZED) BY:		
Operating Activities		
Net earnings for the year	162,680	146,103
Items not affecting cash		
Amortization	53,105	38,810
Deferred income taxes	(3,620)	(800)
Interest in earnings of equity accounted affiliates	(637)	(899)
Minority interests	(2,174)	(9,791)
Write-down of program inventory	12,566	—
Gain on sale of other investments	(101,787)	(3,269)
Realized translation adjustments	1,300	1,500
	121,433	171,654
Changes in non-cash operating accounts	(106,898)	(40,511)
	14,535	131,143
Investing Activities		
Acquisitions	(161,773)	—
Investment in WIC	(465,727)	—
Other investments	(122,590)	(190,466)
Proceeds from sale of other investments	224,782	—
Acquisition and construction of broadcast facilities and licences	(6,389)	(2,530)
Purchase of property and equipment	(12,622)	(17,538)
Other	408	(350)
	(543,911)	(210,884)
Financing Activities		
Dividends paid	(44,933)	(44,814)
Issuance of long term debt	638,074	74,784
Issuance of share capital	4,962	3,649
Contribution by minority interests	—	14,877
Net change in bank loans and advances	(17,493)	11,942
Redemption of share capital	(2,253)	—
	578,357	60,438
Net change in cash	48,981	(19,303)
Cash and cash equivalents – beginning of year	46,000	65,303
Cash and cash equivalents – end of year	94,981	46,000
Cash flow per share		
Basic	$0.81	$1.15
Fully diluted	$0.81	$1.14

The notes constitute an integral part of the combined financial statements.

For the years ended August 31 (unaudited)

1. BASIS OF PRESENTATION

This combined financial information is presented for purposes of additional analysis of the consolidated financial statements of CanWest Global Communications Corp. ("the Company") rather than to present the financial position, results of operations and cash flows of the Company and is not intended to be a presentation in conformity with Canadian generally accepted accounting principles. The Company presents this combined financial information to provide a more complete portrayal of the scope of the Company's operations. This combined financial information includes, on a proportionate consolidation basis, the financial condition, results of operations and cash flows of Network TEN, and includes the Company's pro rata share of each of the assets, liabilities, revenues, expenses and cash flows on a line-by-line basis. In the Company's consolidated financial statements prepared in accordance with Canadian generally accepted accounting principles, the Company's investment in Network TEN is accounted for using the equity method and reported as a single line on the balance sheet and the Company's pro rata share of the net earnings of Network TEN is included as a single line in the income statement. In addition, for the year ended August 31, 2000, this combined financial information includes the results of operations of the WIC Western International Communications Ltd. ("WIC") regulated properties for the period from the acquisition of WIC (April 1, 2000) to the date of regulatory approval of the acquisition (July 6, 2000). In the Company's consolidated financial statements, these results were accounted for using the equity method and reported as a single line on the income statement. This combined financial information should be read in conjunction with the consolidated financial statement of the Company. Readers are cautioned that this combined financial information may not be appropriate for their purposes.

2. SEGMENTED INFORMATION

The Company operates primarily within the broadcasting and entertainment industries in Canada, Australia, New Zealand and Ireland. Segmented information in Canadian dollars is as follows:

	Broadcasting				Entertainment	Corporate	Combined
	Canada $000	Australia $000	New Zealand $000	Ireland $000	Canada $000	$000	$000
Revenue							
2000	554,466	284,900	102,964	27,409	111,579	—	1,081,318
1999	445,206	279,654	92,222	17,708	47,208	—	881,998
Operating Profit (Loss) Before Amortization							
2000	183,486	101,922	(4,730)	(8,673)	7,420	(15,878)	263,547
1999	171,414	100,957	6,753	(16,781)	2,698	(885)	264,156
Total Assets							
2000	1,349,126	286,741	185,885	44,526	382,222	404,316	2,652,816
1999	404,137	290,327	182,718	53,916	93,857	664,475	1,689,430

AUDITORS' REPORT

To the Shareholders of CanWest Global Communications Corp.

We have audited the consolidated balance sheets of CanWest Global Communications Corp. as at August 31, 2000 and August 31, 1999 and the consolidated statements of earnings, retained earnings and cash flows for the years then ended. These financials statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financials statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at August 31, 2000 and August 31, 1999 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

October 28, 2000, except as to Note 16(a) which is as of November 16, 2000

CONSOLIDATED STATEMENTS OF EARNINGS

For the years ended August 31

	2000 $000	1999 $000
Revenue	731,848	602,344
Operating expenses	558,860	438,260
Operating profit before undernoted	172,988	164,084
Corporate and development expenses	15,879	885
Write-down of program inventory	12,566	—
Operating profit before amortization	144,543	163,199
Amortization of broadcast licences and goodwill	11,811	9,050
Amortization of capital assets	16,418	16,087
Other amortization	6,937	4,159
	109,377	133,903
Financing expenses	(53,764)	(33,029)
Investment income	101,213	3,424
Dividend income	2,688	19,048
	159,514	123,346
Provision for income taxes	72,188	54,283
Earnings before the following	87,326	69,063
Minority interests	2,174	9,791
Interest in earnings of Network TEN	72,194	68,749
Interest in earnings of equity accounted affiliates	2,286	—
Realized translation adjustments	(1,300)	(1,500)
Net earnings for the year	162,680	146,103

Earnings per share		
Net earnings		
Basic	$1.09	$0.98
Fully diluted	$1.08	$0.97

The notes constitute an integral part of the consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

As at August 31

	2000 $000	1999 $000
ASSETS		
Current Assets		
Cash and short term investments	76,298	34,148
Accounts receivable	237,845	126,534
Investment in film and television program rights	57,390	76,791
Other	4,508	8,318
	376,041	245,791
Other receivables	10,310	—
Investment in Network TEN	141,897	159,996
Other investments	360,755	667,028
Investment in film and television programs rights	251,114	45,503
Property and equipment	185,224	110,011
Broadcast licences and goodwill	1,095,066	287,452
Other assets	92,674	52,672
	2,513,081	1,568,453
LIABILITIES		
Current Liabilities		
Bank loans and advances	16,255	13,820
Accounts payable and accrued liabilities	195,302	98,097
Income taxes payable	42,759	18,609
Film and program accounts payable	18,030	27,328
Deferred revenue	41,022	4,144
	313,368	161,998
Long term debt	1,172,532	548,925
Film and program accounts payable	22,260	4,028
Deferred income taxes	43,672	30,336
Other accrued liabilities	74,236	7,552
Minority interests	21,722	19,399
	1,647,790	772,238
SHAREHOLDERS' EQUITY		
Capital stock	420,260	416,083
Contributed surplus	3,647	3,647
Retained earnings	529,112	412,833
Cumulative foreign currency translation adjustments	(87,728)	(36,348)
	865,291	796,215
	2,513,081	1,568,453

The notes constitute an integral part of the consolidated financial statements.

Signed on behalf of the Board

Director

Director

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

For the years ended August 31

	2000 $000	1999 $000
Retained earnings – beginning of year	412,833	311,544
Net earnings for the year	162,680	146,103
Dividends	(44,933)	(44,814)
Excess of redemption amount over stated amount of shares redeemed	(1,468)	–
Retained earnings – end of year	529,112	412,833

The notes constitute an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended August 31

	2000 $000	1999 $000
CASH GENERATED (UTILIZED) BY:		
Operating Activities		
Net earnings for the year	162,680	146,103
Items not affecting cash		
Amortization	38,446	31,258
Deferred income taxes	233	(270)
Interest in earnings of Network TEN	(72,194)	(68,749)
Interest in earnings of equity accounted affiliates	(2,286)	—
Minority interests	(2,174)	(9,791)
Realized translation adjustments	1,300	1,500
Write-down of program inventory	12,566	—
Gain on sale of other investments	(101,787)	(3,269)
Distributions from Network TEN	75,259	60,001
	112,043	156,783
Changes in non-cash operating accounts	(84,143)	(50,660)
	27,900	106,123
Investing Activities		
Acquisitions	(161,773)	—
Investment in WIC	(465,727)	—
Other investments	(118,152)	(192,230)
Proceeds from sale of other investments	224,782	3,269
Purchase of broadcast facilities and licences	(6,389)	(2,530)
Purchase of property and equipment	(9,958)	(15,398)
Other	408	(350)
	(536,809)	(207,239)
Financing Activities		
Dividends paid	(44,933)	(44,814)
Issuance of long term debt	610,776	91,784
Issuance of share capital	4,962	3,649
Contribution by minority interests	—	14,877
Net change in bank loans and advances	(17,493)	11,942
Redemption of share capital	(2,253)	—
	551,059	77,438
Net change in cash	42,150	(23,678)
Cash and cash equivalents – beginning of year	34,148	57,826
Cash and cash equivalents – end of year	76,298	34,148
Cash flow per share		
Basic	$0.75	$1.05
Fully diluted	$0.75	$1.04

The notes constitute an integral part of the consolidated financial statements.

For the years ended August 31, 2000 and 1999

1. SIGNIFICANT ACCOUNTING POLICIES

The Company is an international media company with interests in broadcast television, radio, specialty cable channels, production and distribution of film and television programming and internet websites in Canada, Australia, New Zealand, Ireland and Northern Ireland. In Canada, the Company owns and operates the Global Television Network, PRIME TV Cable Network, and various other conventional and specialty channels, as well as CanWest Entertainment Inc., a production and distribution company. Internationally, the Company owns and operates New Zealand's TV3 and TV4 Television Networks, the More FM Radio Network, has a 72% interest in RadioWorks and a 45% equity and controlling interest in the Republic of Ireland's TV3 Television Network Limited ("TV3 Ireland").

The Company has a 57.5% economic interest in The TEN Group Pty Limited, which owns and operates Australia's TEN Television Network ("Network TEN").

The Company also holds various portfolio investments in media operations, including a 29.9% equity interest in Northern Ireland's Ulster Television plc. ("UTV").

The Company's customer base is comprised primarily of large advertising companies who place advertisements with the Company on behalf of their customers.

The preparation of financial statements in accordance with generally accepted accounting principles requires the Company to make estimates and assumptions that affect reported amounts of assets, liabilities, revenue and expenses, and disclosure of contingencies. Future events could alter such estimates in the near term.

A summary of significant accounting policies followed in the preparation of these consolidated financial statements is as follows:

BASIS OF PRESENTATION

These consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada. All amounts are expressed in Canadian dollars unless otherwise noted. A reconciliation to accounting principles generally accepted in the United States is provided in Note 18.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its subsidiaries.

INVESTMENTS

The Company accounts for its investment in Network TEN using the equity method. The Company's accounting for its investments in WIC Western International Communications Ltd. ("WIC") is described in Note 2. Other investments are recorded at cost.

INVESTMENT IN FILM AND TELEVISION PROGRAM RIGHTS

(a) Broadcast rights

The Company has entered into various agreements for the rights to broadcast certain feature films and syndicated television programs. The Company records a liability for film and program rights and the corresponding asset when films and programs are available for telecast. Broadcast rights are charged to operations as programs are telecast over the anticipated period of use. Broadcast rights are carried at the lower of unamortized cost and net recoverable value based on undiscounted future cash flows.

(b) Film and television programs

Film and television programs include the unamortized costs of proprietary film and television programs which have been produced by the Company or for which the Company has acquired distribution rights and film and television programs in progress. Costs of produced or acquired film and television programs include all production expenditures, capitalized financing costs and other costs which are expected to benefit future periods and be recovered from future revenues, net of future liabilities. Film and television programs in progress represent the accumulated costs of uncompleted film and television programs, which are being produced by the Company.

Film and television programs are stated at the lower of amortized cost and net realizable value, with net realizable value calculated as the total undiscounted future revenues expected to be earned from the film and television programs, net of future costs. The individual film forecast method is used to amortize the costs of completed film and television programs, whereby amortization is determined based on the ratio that current revenues earned from the film and television programs bear to expected gross future revenues. Revenue estimates are reviewed periodically by management and are revised, if warranted, based on management's appraisal of current market conditions. Where applicable, unamortized costs are written down to net realizable value.

FOREIGN CURRENCY TRANSLATION

The Company's operations in Australia, New Zealand and Ireland represent self-sustaining foreign operations, and the respective accounts have been translated into Canadian dollars in accordance with the current rate method. Assets and liabilities are translated at the exchange rates prevailing at the balance sheet dates, and revenue and expenses are translated on the basis of average exchange rates during the periods. Any gains or losses arising from the translation of these accounts are deferred and included as a component of shareholders' equity as cumulative foreign currency translation adjustments. An applicable portion of these deferred gains and losses is included in the determination of net earnings when there is a reduction of the net investment.

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. Amortization is provided over the assets' estimated useful lives on a straight line basis at the following annual rates:

Buildings	2 ½%	–	5%
Broadcast and transmission facilities and other equipment	5%	–	33 ⅓%
Leasehold and land improvements	2 ½%	–	20%

BROADCAST LICENCES AND GOODWILL

Broadcast licences and goodwill are recorded at cost. Amortization is provided on a straight line basis over 40 year periods. The Company reviews the carrying value of its broadcast licences and goodwill to determine if there has been a permanent impairment in value. The measurement of possible impairment is based primarily on the ability to recover the balances from expected future operating cash flows on an undiscounted basis.

PRE-OPERATING COSTS

Pre-operating costs incurred in new business undertakings are deferred prior to the commencement of commercial operations. Pre-operating costs are amortized over a period of 5 years.

REVENUE RECOGNITION

Revenue derived from broadcasting activities consists primarily of the sale of air time which is recognized at the time commercials are broadcast.

Revenue derived from the sale of distribution rights and equity in productions is recognized as earned when the film or television program is complete, amounts are due from the exhibitor or a contract is executed that irrevocably transfers distribution rights to a licensee or equity to an investor, the licence period has begun and there is reasonable assurance of collectibility of proceeds.

Amounts received and not yet recognized as revenue are included in deferred revenue.

INCOME TAXES

Income taxes are provided using the tax allocation method whereby income taxes are recorded in the period in which transactions affect earnings, regardless of the period in which transactions are recognized for income tax purposes.

Income taxes on unremitted earnings of Network TEN are provided at rates applicable to distributions. Income taxes on unremitted earnings of the other foreign operations are not provided as such earnings are expected to be indefinitely reinvested.

CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash includes cash and short-term investments with maturities of up to three months.

PER SHARE CALCULATIONS

Basic earnings and cash flow per share are calculated using the daily weighted average number of shares outstanding. Cash flow is defined as earnings before amortization, deferred income taxes, interest in earnings of Network TEN net of cash distributions and realization of cumulative translation adjustments therefrom, gain on disposition of investments and minority interests.

Fully diluted earnings and cash flow per share are calculated using the daily weighted average number of shares that would have been outstanding at the year end date had all of the stock options issued by the Company been exercised at the later of the beginning of the year and when granted.

STOCK-BASED COMPENSATION PLANS

The Company has share based compensation plans as described in Note 9. No compensation expense is recognized for this plan when the options are issued. Any consideration paid by employees on exercise of stock options is credited to share capital.

FINANCIAL INSTRUMENTS

The Company uses interest rate swaps to manage its exposure to changes in interest rates. The interest differential to be paid or received under interest rate swap agreements is recognized as an adjustment to interest expense.

NEW ACCOUNTING STANDARDS

(a) Income taxes

In the first quarter of fiscal 2001, the Company will adopt the liability method of accounting for income taxes as required by the Canadian Institute of Chartered Accountants. The standard will be applied retroactively, however, comparative financial information will not be restated. The adjustment is not expected to have a significant effect on retained earnings.

(b) Employee future benefits

In the first quarter of fiscal 2001, the Company will adopt the new Canadian Institute of Chartered Accountants standard requiring all employees' future benefits to be accounted for on an accrual basis. The standard will be applied retroactively, however, comparative financial information will not be restated. The implementation of this standard is not expected to have a significant impact on the Company.

(c) Film and Television Programs

In fiscal 2002, the Company will adopt new standards related to revenue recognition and cost deferrals affecting producers and distributors of films. The new standards generally contain more stringent approaches to revenue recognition and costs deferral. The Company expects to quantify the impact of these changes in the upcoming year.

2. ACQUISITIONS

(a) In August 2000, the Company acquired substantially all of the distribution assets of an independent film and television distribution company, Endemol International Distribution, for $109,682,000.

(b) In May 2000, the Company acquired a 72% interest in RadioWorks, a network of commercial radio stations in New Zealand, for $52,092,000.

(c) During 1998, the Company increased its investment in WIC to an approximate 44% aggregate shareholding in WIC, at an aggregate cash cost of $381,775,000.

In November 1999, the Company reached an agreement with other significant WIC shareholders as to a division of WIC's assets. Under the terms of this agreement, effective March 31, 2000, the Company acquired all of the shares in WIC that it did not hold. On this same date, the other significant shareholders of WIC acquired all of WIC's radio, certain pay and specialty television undertakings, satellite television interests and other related assets.

The net cash consideration paid and debt assumed as a result of the agreement amounted to $465,727,000.

As a result of the agreement, the Company owns 100% of the issued and outstanding shares of WIC and its conventional television and television-related entertainment assets and interests in a specialty channel. The shares of WIC's regulated companies were placed in trust pending completion of the regulatory approval process. Under the terms of the trust agreement, the Company was not in a position to exercise control over these companies, and accordingly, equity accounted for its investment during the period from April 1, 2000 to July 5, 2000. On July 6, 2000, the Company received approval for the acquisition from the Canadian Radio-television and Telecommunications Commission ("CRTC"). The Company commenced to consolidate the WIC regulated properties effective July 6, 2000.

As a condition to the CRTC's approval of the acquisition, the Company must dispose of certain television operations in Montreal and Vancouver.

The Company accounted for these acquisitions using the purchase method. A summary of the fair value of the net assets acquired is as follows:

	2000 $000				1999 $000
	Endemol	RadioWorks	WIC	Total	
Cash	—	959	—	959	—
Other current assets	20,229	5,285	66,512	92,026	—
Investments	—	—	79,604	79,604	—
Film and program rights	93,463	—	35,732	129,195	—
Property, plant and equipment	32	9,119	82,184	91,335	—
Other assets	215	—	25,299	25,514	—
Broadcast licences and goodwill	—	54,593	787,990	842,583	—
Total assets	113,939	69,956	1,077,321	1,261,216	—
Bank loans and advances	—	—	(19,937)	(19,937)	—
Other current liabilities	(4,258)	(7,602)	(62,466)	(74,326)	—
Film or program accounts payable	—	—	(49,426)	(49,426)	—
Long term liabilities	—	(6,379)	(84,626)	(91,005)	—
Minority interest	—	(3,883)	—	(3,883)	—
Total liabilities	(4,258)	(17,864)	(216,455)	(238,577)	—
	109,681	52,092	860,866	1,022,639	—
Consideration:					
Cash	109,681	52,092	465,727	627,500	—
Carrying value of WIC investment at date of acquisition	—	—	395,139	395,139	—
	109,681	52,092	860,866	1,022,639	—

The allocation of the purchase price of WIC is preliminary and may be revised in 2001 as additional information is obtained about restructuring plans and asset valuations, particularly relating to intangibles.

The results of operations reflect the revenues and expenses of RadioWorks and Endemol since the date of acquisition.

3. INVESTMENT IN NETWORK TEN

The Company directly owns 15% of the issued ordinary shares and all of the convertible debentures and subordinated debentures of Network TEN, an Australian television broadcast network. The subordinated debentures have an aggregate principal amount of A$45.5 million and pay interest based on distributions to holders of ordinary shares. The convertible debentures have an aggregate principal amount of A$45,500 and pay a market linked rate of interest. The combination of ordinary shares and subordinated debentures yield distributions equivalent to approximately 57.5% of all distributions paid by Network TEN. The convertible debentures are convertible, upon payment of an aggregate of A$45.5 million, into a number of ordinary shares which would represent 50% of the issued and outstanding shares at the time of conversion.

As a result of the economic entitlement to distributions and its contractual right to representation on Network TEN's board of directors, the Company accounts for its interest in Network TEN on the equity basis.

The following selected consolidated financial information of Network TEN has been prepared in accordance with accounting principles generally accepted in Canada. The accounts have been translated to Canadian dollars using the current rate method, whereby assets and liabilities are translated at the rate in effect on the balance sheet dates, and results of operations are translated at the average rates for the periods. During the year ending August 31, 2000, the average rate of exchange used to translate results of operations was A$1.00 = C$0.90 (1999 A$1.00 = C$0.95).

SUMMARY CONSOLIDATED BALANCE SHEETS

	2000 $000	1999 $000
ASSETS		
Current assets	172,141	152,544
Program rights and other	23,101	11,539
Property and equipment	40,498	34,595
Long term investments	50,046	43,010
Broadcast licences	226,617	263,228
	512,403	504,916
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	193,575	196,849
Other long term liabilities	—	1,848
Subordinated debentures issued to the Company	40,154	40,154
Shareholders' equity	278,674	266,065
	512,403	504,916

SUMMARY CONSOLIDATED STATEMENTS OF EARNINGS

	2000 $000	1999 $000
Revenue	495,479	486,354
Operating expenses	318,223	310,777
Operating profit before amortization	177,256	175,577
Amortization of broadcast licences	7,348	7,729
Other amortization	4,832	5,406
	165,076	162,442
Financing expenses	76,391	73,154
	88,685	89,288
Provision for income taxes	30,521	34,195
Earnings before the following	58,164	55,093
Interest in earnings of equity accounted affiliate	1,284	1,564
Net earnings for the year	59,448	56,657
Interest in respect of subordinated debentures held by the Company	74,519	70,960
Earnings for the period before interest in respect of subordinated debentures (1)	133,967	127,617

OTHER CONSOLIDATED FINANCIAL DATA

	2000 $000	1999 $000
Cash flow from operations	139,000	138,000
Distributions paid	138,000	89,000
Capital expenditures	14,300	3,700

(1) The Company's economic interest in NetworkTEN's earnings is $72,194,000 (1999 – $68,749,000).

At August 31, 2000, the Company's share of undistributed earnings of NetworkTEN was approximately $127,000,000 (1999 – $130,000,000). The market value of the Company's investment in NetworkTEN based on quoted market rates for Ten Network Holdings Limited at August 31, 2000 was approximately $1,167,000,000 (1999 – $1,090,000,000).

The Australian Taxation Office ("ATO") is presently conducting a review of certain aspects of the affairs of NetworkTEN. As a result of that work, further information has been sought by the ATO in relation to the circumstances in which the subordinated debentures were issued in December 1992 and the operation of a consultancy agreement with the Company. Under review are certain interest deductions claimed by NetworkTEN amounting to approximately A$384,000,000. No assessments have been issued by the ATO in relation to these matters. A change in the tax treatment of interest in respect of the subordinated debentures is likely to impact the amount available for distribution by NetworkTEN. NetworkTEN intends to vigorously defend its position on this matter. Management considers NetworkTEN's current tax treatment appropriate and that the matter is therefore not likely to have a material effect on the financial position of NetworkTEN.

4. OTHER INVESTMENTS

	2000		1999	
	$000	$000	$000	$000
	Cost	Market Value	Cost	Market Value
Investments, at cost				
WIC Western International Communications Ltd.	—	—	383,329	520,000
Ulster Television plc (1)	92,006	112,466	92,006	81,936
CTV Inc.	—	—	118,306	129,500
Alliance Atlantis Communications Inc.	24,466	26,014	24,466	25,611
Internet Broadcasting Systems Inc.	22,098	35,230	14,593	19,800
LifeServ Corporation	9,470	13,936	7,367	7,367
Other companies	136,038	152,579	26,961	29,545
	284,078	340,225	667,028	813,759
Investments, at equity	76,677	76,677	—	—
	360,755	416,902	667,028	813,759

(1) The Company's 29.9% equity interest is accounted for at cost as the Company has not been successful in its attempts to gain board representation or to influence UTV's management.

Market values are based on quoted closing prices for publicly traded securities, and most recent purchase transactions and agreements for non-listed securities.

5. INVESTMENT IN FILM AND TELEVISION PROGRAM RIGHTS

	2000		1999	
	$000	$000	$000	$000
	Current	Long Term	Current	Long Term
Broadcast rights	57,390	11,293	68,767	11,752
Completed film and television programs and distribution rights acquired, net of amortization	—	157,776	8,024	11,460
Film and television programs in progress	—	82,045	—	22,291
	57,390	251,114	76,791	45,503

Subsidiaries of the Company have provided financial guarantees on certain credit facilities arranged for the acquisition of film and television programs. An amount of US$14,000,000 (1999 – US$16,000,000) has been guaranteed, in addition to the guarantee of certain interest obligations on such facilities.

6. PROPERTY AND EQUIPMENT

	2000 $000			1999 $000		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Land	19,452	—	19,452	4,395	—	4,395
Buildings	40,166	10,082	30,084	19,744	9,373	10,371
Broadcast and transmission facilities, and other equipment	245,641	119,973	125,668	196,604	111,598	85,006
Leasehold and land improvements	15,830	5,810	10,020	15,558	5,319	10,239
	321,089	135,865	185,224	236,301	126,290	110,011

7. BROADCAST LICENCES AND GOODWILL

The Company's broadcasting activities are regulated by various regulatory authorities. Each broadcasting undertaking operates under licences which are granted for varying periods and are subject to certain performance requirements.

	2000 $000	1999 $000
Broadcast licences and goodwill, at cost	1,176,926	353,915
Accumulated amortization	(81,860)	(66,463)
	1,095,066	287,452

8. LONG TERM DEBT

	2000 $000	1999 $000
Term bank loans (1)	1,117,968	520,593
Term and demand loans (2000 — IEP£17,976,000, 1999 – IEP£4,604,000) (2)	29,837	9,252
Term and demand loans (NZ$9,446,000) (3)	5,935	—
Note payable bearing interest at 5% per annum, due August 2001 (4)	14,542	14,830
Note payable bearing interest at prime less 2% per annum, due May 2003	4,250	4,250
	1,172,532	548,925
Less: portion due within one year	—	—
Long term portion	1,172,532	548,925

(1) Credit facilities provide for term bank loans in the maximum amounts of $1,265,000,000 (1999 – $1,015,000,000) and mature $250,000,000 on March 31, 2002, with the balance in August 2005 and the amount of credit available under term facilities decreases periodically until maturity.

The loans bear interest at floating rates and are primarily financed through short-term bankers' acceptances at rates lower than the prime lending rate. The Company has entered into various interest rate swaps resulting in fixed interest costs on a principal amount of $700,000,000 at August 31, 2000 (1999 – $400,000,000) ranging from 5.55% to 6.69% plus a margin for terms ranging from 2 to 10 years. In addition, the Company swapped fixed interest payments on $100,000,000 for variable payments based on bankers' acceptance rates plus 5.72% which matured February 2000. The Company estimates the present value of its net unrealized gain (loss) under the swaps based on quoted market rates at August 31, 2000 was ($3,600,000), (1999 – $5,800,000). The weighted average interest rate after giving effect to these interest rate swaps during the year ended August 31, 2000 was approximately 7% (1999 – 8%).

Subsequent to year end, the Company renegotiated certain of its credit facilities (see Note 16a).

(2) Credit facilities provide for term and demand bank loans in the maximum amount of IEP£28,400,000 (1999 – IEP£14,400,000) maturing in May 2001. The debt bears interest at floating rates. As the Company intends to refinance this facility upon maturity, the loan has been classified as long term. The weighted average interest rate during the years ended August 31, 2000 and 1999 was approximately 4%.

(3) Credit facilities provide for term and demand bank loans in the maximum amount of NZ$13,832,500 with maturity dates commencing November 2000 to July 2002. The facilities bear interest at rates ranging from 6.83% to 7.42%.

(4) As the Company intends to refinance this loan, it has been classified as long term.

Principal payments of long-term debt based on terms existing at August 31, 2000 over the next five years are:

	$000
Year ending August 31, 2001	51,386
2002	450,628
2003	205,267
2004	203,200
2005	232,800

In addition to the facilities described above, the Company has additional operating loan facilities payable on demand of $40,000,000 and NZ$5,000,000 at floating rates. As at August 31, 2000, the Company's indebtedness under these facilities was $16,255,000 (1999 – $13,820,000). The weighted average interest rate during the years ended August 31, 2000 and August 31, 1999 was approximately 7%.

Also, the Company has contingent obligations under outstanding letters of credit totalling IEP£38,449,000 (1999 – IEP£19,800,000) related to the financing of TV3 Ireland.

9. CAPITAL STOCK

AUTHORIZED

Authorized capital consists of an unlimited number of preference shares issuable in series, an unlimited number of multiple voting shares, an unlimited number of subordinate voting shares and an unlimited number of non-voting shares.

The multiple voting shares, the subordinate voting shares and the non-voting shares rank equally on a per share basis in respect of dividends and distributions of capital and are subordinate to the preference shares. Subordinate voting shares carry one vote per share and multiple voting shares carry ten votes per share. Non-voting shares do not vote, except at meetings where the holders of such shares would be entitled by law to vote separately as a class.

Multiple voting shares are convertible into subordinate voting shares and non-voting shares on a one-for-one basis at any time at the option of the holder. Subordinate voting shares are convertible into non-voting shares on a one-for-one basis at any time at the option of the holder. Non-voting shares are convertible into subordinate voting shares on a one-for-one basis provided the holder is Canadian.

ISSUED

	2000 $000	1999 $000
78,040,908 (1999 – 78,040,908) multiple voting shares	3,252	3,252
69,395,035 (1999 – 67,706,697) subordinate voting shares	394,050	378,385
2,607,837 (1999 – 3,847,291) non-voting shares	22,958	34,446
	420,260	416,083

Changes in outstanding share capital during the two years ended August 31, 2000 were as follows:

	# of Shares	$000
MULTIPLE VOTING SHARE CAPITAL:		
Balance – August 31, 1999 & 2000	**78,040,908**	**3,252**
SUBORDINATE VOTING SHARE CAPITAL:		
Balance – August 31, 1998	62,777,825	332,103
Changes pursuant to:		
Share purchase plans	42,476	804
Exercise of stock options	46,483	122
Dividend reinvestment plan	157,168	2,693
Conversion from non-voting shares – net	4,682,745	42,663
Balance – August 31, 1999	67,706,697	378,385
Changes pursuant to:		
Share purchase plans	44,030	713
Exercise of stock options	340,039	900
Dividend reinvestment plan	201,705	3,304
Share repurchase program	(139,600)	(785)
Conversion from non-voting shares – net	1,242,164	11,533
Balance – August 31, 2000	**69,395,035**	**394,050**
NON-VOTING SHARE CAPITAL:		
Balance – August 31, 1998	8,528,337	77,079
Changes pursuant to:		
Dividend reinvestment plan	1,699	30
Conversion to subordinate voting shares – net	(4,682,745)	(42,663)
Balance – August 31, 1999	3,847,291	34,446
Changes pursuant to:		
Dividend reinvestment plan	2,710	45
Conversion to subordinate voting shares – net	(1,242,164)	(11,533)
Balance – August 31, 2000	**2,607,837**	**22,958**

SHARE COMPENSATION PLANS

The Company's board of directors has approved share compensation plans, the purpose of which is to provide employees and certain directors of the Company and its subsidiaries with the opportunity to participate in the growth and development of the Company through the granting of options and share purchase loans. At any time, the number of subordinate voting and non-voting shares reserved and set aside for purposes of the plans may not exceed 10% of the issued shares of the Company.

Options vest over a five or six year period and are exercisable on a cumulative basis over a ten year period, except that under certain specified conditions the options become exercisable immediately. The exercise price represents the market trading price at the date on which the option was granted.

Under management and employee share purchase plans, employees may purchase subordinate voting shares or non-voting shares from treasury at the market trading price using non-interest bearing short-term loans provided by the Company. The shares are held as collateral by a trustee until the loans are repaid.

Changes in outstanding options to purchase subordinate voting shares or non-voting shares for the two years ended August 31 were as follows:

	2000		1999	
	Options	Average Price	Options	Average Price
Options outstanding – beginning of year	1,493,946	11.27	1,470,697	10.53
Changes pursuant to:				
Options granted	478,250	16.86	76,009	21.13
Options exercised	(340,039)	2.65	(46,483)	2.62
Options expired	(596)	15.84	(6,277)	20.27
Options outstanding – end of year	1,631,561	14.70	1,493,946	11.27

The following options to purchase subordinate voting shares or non-voting shares were outstanding as at August 31, 2000:

Year Granted	Exercise Price	Expiry Date	Number Outstanding
1992	$1.63 – $1.93	2002	122,257
1993	$2.15 – $2.86	2003	10,750
1994	$3.58	2004	10,753
1995	$4.60	2005	13,279
1996	$7.13 – $12.92	2006	624,275
1997	$14.24 – $22.50	2007	151,684
1998	$22.95 – $25.99	2008	150,563
1999	$18.93 – $21.40	2009	69,750
2000	$16.20 – $17.00	2010	478,250
			1,631,561

SHARE REPURCHASE PROGRAM

During 2000, the Company made a Normal Course Issuer Bid, pursuant to which it may purchase for cancellation up to 6,059,719 of its subordinate voting shares. The Bid will terminate on the earlier of December 1, 2000, or the date the Company completes its purchases. To August 31, 2000, the Company acquired 139,600 of its subordinate voting shares through open-market purchases for cash of $2,253,000. The excess of the redemption amount paid over the stated capital of the shares redeemed of $1,468,000 was charged to retained earnings.

DIVIDEND REINVESTMENT PLAN

The Company has established a dividend reinvestment plan. Under the terms of this plan, shareholders may, under certain conditions, apply their cash dividends to the purchase of shares from treasury at a price equal to 95% of the average market trading price of the shares.

10. CUMULATIVE TRANSLATION ADJUSTMENTS

The cumulative foreign currency translation adjustments account reflects the net changes in the respective book values of the Company's investments in self-sustaining foreign operations due to exchange rate fluctuations since the respective dates of their acquisition or start-up.

The changes in this account during the years ended August 31, 2000 and 1999 arise from changes in the Australian, New Zealand and Irish currencies relative to the Canadian currency, and changes in the Company's net investment in the book values of international operations.

Changes in this account during the last two years were as follows:

	2000 $000	1999 $000
Deferred loss – beginning of year	36,348	41,584
Deferred foreign currency exchange (gain) loss during the year	52,680	(3,736)
Realization of translation loss due to distributions	(1,300)	(1,500)
Deferred loss – end of year	87,728	36,348

The balance of cumulative translation adjustments at the end of the year represents net unrealized losses (gains) as follows:

	2000 $000	1999 $000
Australian dollar	19,863	3,080
New Zealand dollar	67,508	33,490
Irish punt	357	(222)
	87,728	36,348

11. INCOME TAXES

The Company's provision for income taxes reflects an effective income tax rate which differs from the combined Canadian statutory rate as follows:

	2000 $000	1999 $000
Income taxes at combined Canadian statutory rates of 43.83% (1999 – 43.79%)	69,904	54,011
Non-taxable portion of capital gains	(16,418)	(3,362)
Effect of non-deductibility of broadcast licence and goodwill amortization expense	4,686	3,429
Deferred tax debit not recognized	4,552	—
Effect of foreign income tax rates differing from Canadian income tax rates	6,360	1,340
Other	3,104	(1,135)
	72,188	54,283

An analysis of the provision for current and deferred income taxes by jurisdiction follows:

	2000 $000	1999 $000
Current income taxes		
Canada	70,988	53,731
Other	968	822
	71,956	54,553
Deferred income taxes		
Canada	(840)	(828)
Other	1,073	558
	233	(270)

12. STATEMENTS OF CASH FLOWS

The following amounts comprise the net change in non-cash operating accounts included in the statements of cash flows:

	2000 $000	1999 $000
CASH GENERATED (UTILIZED) BY:		
Accounts receivable	(29,874)	(6,491)
Film and television program rights	(71,023)	(38,426)
Other current assets	6,033	(908)
Other assets	(19,754)	(2,520)
Accounts payable and accrued liabilities	3,387	(1,627)
Income taxes payable	34,773	807
Deferred revenue	36,733	(4,197)
Film and program accounts payable	(44,418)	2,702
	(84,143)	(50,660)

The following amounts were paid on account of interest and income taxes:

	2000 $000	1999 $000
Interest	62,152	36,346
Income taxes	50,173	57,186

13. RETIREMENT ASSETS AND OBLIGATIONS

The Company and certain of its subsidiaries maintain defined contribution pension plans. Contributions to these plans are expensed as incurred. In addition, one of the Company's subsidiaries maintains certain defined benefit pension plans. As at August 31, 2000, the market value of retirement fund assets under these plans was $114,298,000 (1999 – $17,418,000). These assets were available to meet the present value of accrued retirement obligations of $95,116,000 (1999 – $12,593,000).

14. FINANCIAL INSTRUMENTS

Financial instruments consist of the following:

	2000		1999	
	Carrying Value $000	Fair Value $000	Carrying Value $000	Fair Value $000
Short term assets	318,651	318,651	169,000	169,000
Other investments	360,755	416,902	667,028	813,759
Other long term assets	76,474	76,474	52,672	52,672
Short term liabilities	229,587	229,587	143,389	143,389
Long term debt	1,172,532	1,172,532	548,925	548,925
Other long term liabilities	96,496	96,496	11,580	11,580
Unrealized net gain (loss) on interest rate swaps	–	(3,600)	–	5,800

The fair value of short term assets and liabilities, which include cash and short term investments, accounts receivable, distributions receivable from Network TEN, due from and to affiliated companies and other assets, bank loans and advances, accounts payable and accrued liabilities and film and program accounts payable approximate their fair value due to the short term nature of these financial instruments.

The fair value of other investments is primarily based on quoted market prices for publicly traded securities, and the most recent purchase transactions and agreements for non-listed securities. The fair value of WIC included in other investments is based on the value ascribed under the terms of the WIC purchase agreement.

The fair value of other long term assets approximates their carrying value.

The fair value of long term debt approximates the carrying value as the debt is substantially subject to floating interest rates.

The fair values of other long term liabilities including film and program accounts payable and provisions approximates their carrying values.

The fair values of unrealized net gain on interest rate swaps are based on the amounts at which they could be settled based on estimates of market rates.

CREDIT RISK

The Company is exposed to credit risk, primarily in relation to accounts receivable. Exposure to credit risk varies for advertiser accounts receivable due to the concentration of individual balances with large agencies. The Company performs regular credit assessments of its customers and provides allowances for potentially uncollectable accounts receivable.

INTEREST RATE RISK

The Company manages its exposure to fluctuations in interest rates through the use of interest rate swap agreements more fully described in Note 8.

15. FILM AND PROGRAM RIGHT COMMITMENTS

The Company has entered into various agreements for the right to broadcast certain feature films and syndicated television programs in the future. These agreements, which range in term from one to five years, generally commit the Company to acquire specific programs or films or certain levels of future productions. The acquisition of these broadcast rights is contingent on the actual production and/or the airing of the programs or films.

Management estimates that these agreements will result in future annual program and film expenditures of $322 million to $384 million.

16. SUBSEQUENT EVENTS

(a) On November 16, 2000, the Company acquired substantially all of the Canadian newspaper and other media assets of Hollinger International Inc. and certain of its affiliates (the "Southam Publications") for an aggregate consideration of approximately $3,000,000,000. The consideration paid was as follows:

	$000
Cash	1,859,000
24.3 million non-voting shares and 2.7 million Series I preference shares	376,000
Note payable to Vendor	751,000
	2,986,000

The purchase price is subject to adjustment based on working capital and future earnings of the Company and of Southam Publications. The amount of the adjustments is not currently determinable.

The Company partially financed the acquisition and refinanced certain existing credit facilities by entering into a new senior secured credit facility with a syndicate of Canadian and international banks. Total credit available under this new facility is $2.8 billion, of which the Company had drawn approximately $2.5 billion at closing. In addition, the Company issued $660 million in senior subordinated notes, and approximately $751 million in subordinated notes payable to the vendor. The current blended cost of funds for these financings is approximately 10.35%.

The following is pro forma financial information for the acquired Southam Publications for the twelve months ended September 30, 2000:

	$000
Revenue	1,206,140
Earnings before interest depreciation and amortization, income taxes and other (EBITDA)	317,588

This information is derived from the unaudited financial results for Southam Publications for the twelve months ended September 30, 2000. It does not reflect expected future results.

(b) On September 29, 2000, the Company paid a stock dividend of 0.0124 of a share on all the outstanding shares of the Company. The dividend was paid in the form of subordinate voting and non-voting shares in the aggregate number of approximately 1,900,000 shares.

(c) On September 11, 2000, the Company announced its intention to restructure its interest in TV3 Ireland. Through a series of transactions, the Company intends to transfer its interest in TV3 Ireland to a joint venture. The transaction, if consummated, will result in the receipt of cash amounting to approximately $27,000,000.

17. SEGMENTED INFORMATION

The Company operates primarily within the broadcasting and entertainment industries in Canada, New Zealand, Ireland and Australia.

Each segment reported below operates as a strategic business unit with separate management. Segment performance is measured primarily on the basis of operating profit. There are no significant inter segment items.

Segmented information in Canadian dollars is as follows:

	Broadcasting				Entertainment	Corporate	Consolidated
	Canada	New Zealand TV	New Zealand Radio	Ireland	Canada		
	$000	$000	$000	$000	$000	$000	$000
Revenue from external customers							
2000	489,896	72,983	29,981	27,409	111,579	—	731,848
1999	445,206	72,011	20,211	17,708	47,208	—	602,344
Write-down of program inventory							
2000	—	12,566	—	—	—	—	12,566
1999	—	—	—	—	—	—	—
Operating profit before amortization							
2000	166,405	(11,732)	7,002	(8,673)	7,420	(15,879)	144,543
1999	171,414	1,700	5,053	(16,781)	2,698	(885)	163,199
Amortization of broadcast licences and goodwill							
2000	8,337	1,598	840	167	840	29	11,811
1999	5,645	1,772	597	171	840	25	9,050
Other amortization							
2000	14,267	3,142	889	4,271	134	652	23,355
1999	10,590	4,606	503	3,778	81	688	20,246
Financing expenses (revenue)							
2000	59,746	(213)	106	2,970	1,640	(10,485)	53,764
1999	44,813	(401)	—	2,282	(280)	(13,385)	33,029
Investment income							
2000	—	—	—	—	—	103,901	103,901
1999	—	—	—	—	—	22,472	22,472
Earnings (loss) before taxes							
2000	72,623	(16,259)	5,167	(16,081)	4,806	109,258	159,514
1999	110,366	(4,277)	3,953	(23,012)	2,057	34,259	123,346
Provision for (recovery of) income taxes							
2000	34,719	(388)	1,886	(1,729)	1,581	36,119	72,188
1999	45,441	(944)	1,501	(2,669)	1,289	9,665	54,283
Capital expenditures							
2000	11,160	189	637	2,635	1,026	700	16,347
1999	9,250	3,301	1,433	3,293	183	468	17,928
Property and equipment, broadcast licences, and goodwill							
2000	1,081,895	63,590	74,307	16,559	32,911	11,028	1,280,290
1999	225,758	84,143	24,358	19,255	32,857	11,092	397,463
Total assets							
2000	1,349,551	92,661	93,224	44,526	382,321	550,797	2,513,081
1999	404,137	148,306	34,412	53,916	93,857	833,825	1,568,453

	Broadcasting				Entertainment	Corporate	Consolidated
	Canada	New Zealand TV	New Zealand Radio	Ireland	Canada		
	$000	$000	$000	$000	$000	$000	$000
Reconciliation of net earnings (loss) before taxes to net earnings – year ended August 31, 2000							
Earnings (loss) before income tax	72,623	(16,259)	5,167	(16,081)	4,806	109,258	159,514
Provision for income taxes	(34,719)	388	(1,886)	1,729	(1,581)	(36,119)	(72,188)
Minority interests	(2,607)	—	(268)	5,049	—	—	2,174
Interest in earnings of Network TEN	—	—	—	—	—	72,194	72,194
Interest earnings of WIC	2,286	—	—	—	—	—	2,286
Realized translation adjustments	—	—	—	—	—	(1,300)	(1,300)
Net earnings (loss)	37,583	(15,871)	3,013	(9,303)	3,225	144,033	162,680
Reconciliation of net earnings (loss) before taxes to net earnings – year ended August 31, 1999							
Earnings (loss) before income tax	110,366	(4,277)	3,953	(23,012)	2,057	34,259	123,346
Provision for income taxes	(45,441)	944	(1,501)	2,669	(1,289)	(9,665)	(54,283)
Minority interests	(1,604)	—	—	11,395	—	—	9,791
Interest in earnings of Network TEN	—	—	—	—	—	68,749	68,749
Realized translation adjustments	—	—	—	—	—	(1,500)	(1,500)
Net earnings (loss)	63,321	(3,333)	2,452	(8,948)	768	91,843	146,103

Selected financial information for Network TEN is presented in Note 3.

18. UNITED STATES ACCOUNTING PRINCIPLES

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). In certain aspects GAAP as applied in the United States ("U.S.") differs from Canadian GAAP.

PRINCIPAL DIFFERENCES AFFECTING THE COMPANY

Foreign currency translation

In the U.S., distributions from self-sustaining foreign operations do not result in a realization of the cumulative translation adjustments account. Realization of such foreign currency translation adjustments occur only upon the sale of all or a part of the investment giving rise to the translation adjustments. In accordance with Canadian GAAP, reductions in the net income in self-sustaining foreign operations result in a proportionate reduction in the cumulative foreign currency translation adjustment accounts.

Pre-operating costs

In the U.S., pre-operating costs are expensed in the period incurred. In accordance with Canadian GAAP, the Company defers pre-operating costs until commencement of commercial operations and amortizes the costs over a period of five years.

Income taxes

Under U.S. GAAP, income taxes are provided using the liability method, as opposed to the deferral method adopted by the Company under Canadian GAAP. Under the liability method, deferred tax assets and liabilities are recognized for the differences between the financial statement carrying amounts and the respective tax basis of assets and liabilities (temporary differences) at the enacted tax rates.

As a result of application of the liability method under U.S. GAAP, deferred income taxes are provided on temporary differences related to the increments in fair values of assets acquired in a purchase business combination where the tax basis differs from the fair values of assets acquired. This recognition of deferred income taxes results in goodwill that is amortized over 40 years. Under Canadian GAAP, deferred income taxes are not recognized for these increments in fair values of assets acquired.

Impairment of long-lived assets

Under U.S. GAAP, the Company recognizes an impairment loss on property, equipment and broadcast licenses if the undiscounted expected future cash flows are less than the carrying value. The impairment loss recognized would be an amount equal to the difference between the carrying amount and the fair value of the assets. Under Canadian GAAP, the impairment loss would be in the amount equal to the difference between the carrying amount and the undiscounted expected future cash flows.

Under U.S. GAAP, goodwill associated with assets acquired in a purchase business combination is included in impairment evaluations of other long-lived assets when events or circumstances exist that indicate the carrying value of those assets may not be recoverable. In addition, impairments of goodwill would be recognized when a review indicates that the goodwill will not be recoverable, as determined based on projected income and cash flows on an undiscounted basis from the underlying operations. In such circumstances, the goodwill will be reduced to the estimated recoverable amount. Under Canadian GAAP, prior to the acquisition of WIC, the Company has not had any significant goodwill arising on its acquisitions.

The Company regularly assesses the carrying value of its assets and has determined that there is no impairment in long-lived assets at this time.

Investment in marketable securities

In the U.S., investment assets classified as "available for sale" are carried at market, and unrealized gains and losses are included, net of tax, in accumulated comprehensive income. In accordance with Canadian GAAP, the Company carries its investment in marketable securities at cost.

Stock based compensation

U.S. GAAP encourages companies to include the fair value of stock options granted in the determination of compensation cost.

For U.S. GAAP reconciliation purposes, the Company follows the disclosure-only provisions of Statement of Financial Accounting Standards No. 123 "Accounting for Stock-Based Compensation" ("SFAS 123"). As permitted by SFAS 123, the Company continues to apply the intrinsic value method of accounting for stock-based compensation prescribed by Accounting Principles Board Opinion No. 25 "Accounting for Stock Issued to Employees".

In computing pro-forma net earnings for U.S. GAAP had the Company elected to adopt the fair value approach of SFAS 123, the fair value of the options granted during 2000 was estimated using the Black-Scholes option-pricing model with the assumptions of a dividend yield of 1.7% (1999 – 1.75%), an expected volatility of 32.5% (1999 – 32.5%), risk-free interest rates of 6.2% to 6.6% (1999 – 5.3%) and an expected life of 6 to 9 years (1999 – 4 to 7 years).

The total value of 478,250 stock options that were granted by the Company during 2000 was $3,215,000 (during 1999, 76,009 stock options were granted with a total value of $538,000). The cost of stock compensation expense for the year ended August 31, 2000 would be $1,164,000 (1999 – $821,000). An unrecognized value of $4,569,000 will be charged to pro forma net earnings in future years according to the vesting terms of the options. The resulting pro forma net earnings and fully diluted earnings per share under U.S. GAAP for the year ended August 31, 2000 are $231,745,000 and $1.55 respectively (1999 – $152,834,000 and $1.02 respectively).

The effects of applying this method in this pro forma disclosure are not indicative of future amounts. The Company's adoption for pro forma disclosure of this method does not apply to awards prior to 1996, and additional awards in future years are anticipated.

Comprehensive income

Comprehensive income, defined as all changes in equity other than those resulting from investments by owners and distributions to owners, must be reported under U.S. GAAP. There is no similar requirement under Canadian GAAP.

Cash flow statement

The Canadian accounting standard for the preparation of cash flow statements is consistent with the guidance provided under IAS 7, and accordingly, the cash flow statements presented herein have not been reconciled to U.S. GAAP under the accommodation provided by the SEC.

Investment in WIC on an equity basis

Under Canadian GAAP, the investment in WIC was accounted for as described in Note 2 (c). Under U.S. GAAP, as a result of receiving approval to complete the purchase of WIC, the Company changed its method of accounting for its investment in WIC to the equity method. Accordingly, the change in accounting policy has been retroactively applied as required under APB Opinion No. 18, The Equity Method of Accounting for Investments in Common Stock. Effective July 6, 2000, the Company consolidates its investment in WIC.

Debt classification

Under Canadian GAAP, the Company's credit facilities described in Notes 8(2) and 8(4) are classified as long-term because the Company intends to refinance the debt on maturity.

Under U.S. GAAP, the amount would be classified as current because the Company does not currently have refinancing in place.

Earnings Per Share

Under both U.S. and Canadian GAAP, basic earnings per share is computed by dividing the net earnings available to common shareholders for the period as measured by the respective accounting principles by the weighted average number of common shares outstanding during the period. Basic earnings per share excludes the dilutive effect of potential common shares.

Fully diluted earnings per share under Canadian GAAP and diluted earnings per share under U.S. GAAP give effect to all potential common shares outstanding during the period. Under Canadian GAAP, fully diluted earnings per share is calculated assuming that the proceeds from the exercise of potential common shares are invested at an appropriate rate of return, and an imputed interest amount is added to net earnings for the period. The number of fully diluted shares outstanding represents the weighted average maximum number of potential common shares outstanding.

Under U.S. GAAP, the weighted average number of diluted shares outstanding is calculated assuming that the proceeds from potential common shares are used to repurchase common shares at the average share price in the period. No adjustment is made to net earnings for imputed interest in calculating diluted earnings per share under U.S. GAAP.

The options outstanding have a dilutive effect of $0.01 per share under Canadian GAAP, and no dilutive effect under U.S. GAAP.

New accounting standards

(a) Accounting for derivative instruments and hedging activities

Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities (FAS 133), is effective for the Company's August 31, 2001 fiscal year. FAS 133 requires that the Company recognizes all derivatives as either assets or liabilities in the consolidated balance sheet and measure those amounts at fair value. The changes in fair value of the derivative are included either in the statement of earnings of other comprehensive income depending on the nature of the transaction. As at August 31, 2000, the only derivatives utilized by the Company are interest rate swaps as described in Notes 8 and 14. Based on the analysis to date, the Company does not expect the adoption of FAS 133 to have a material effect on the balance sheet or the statement of earnings. The Company may enter into additional derivatives in the future which may have a material effect that is not yet determinable.

(b) Revenue recognition

In December 1999, the staff of the Securities and Exchange Commission issued Staff Accounting Bulletin 101, Revenue Recognition in Financial Statements, which is effective no later than fourth quarter of fiscal years beginning on or after December 15, 1999. The Company does not expect any changes in its revenue recognition accounting policies.

(c) Accounting for film production and distribution

The U.S. Accounting Standards Executive Committee recently approved Statement of Position (SOP) 00-2, "Accounting by Producers or Distributors of Films". This SOP is effective for fiscal years beginning after December 15, 2000. It replaces Statement of Financial Accounting Standard No 53. SOP 00-2 requires that exploitation costs, including marketing costs, should generally be expensed as incurred as opposed to being capitalized to the cost of films and programs. In addition, the SOP states that related to episodic television series, it is not appropriate to record as an asset, program costs for each episode in excess of revenue contracted for the episode. The Company has not quantified the impact of the changes that will arise from the adoption of SOP 00-2.

RECONCILIATION OF FINANCIAL STATEMENTS

(i) Consolidated Statements of Earnings

The following is a reconciliation of net earnings reflecting the differences between Canadian and U.S. GAAP:

	2000 $000	1999 $000
Net earnings in accordance with Canadian GAAP	162,680	146,103
Pre-operating costs – net of tax of $544 (1999 – $631)	2,788	437
Realization of cumulative translation adjustments	1,300	1,500
Investment in WIC on an equity basis – net of tax of $25,210 (1999 – $3,787)	51,183	7,188
Liability method of accounting for income taxes:		
Amortization of broadcast licences and goodwill	(8,978)	(6,128)
Provision for income taxes	23,936	4,555
Net earnings in accordance with U.S. GAAP	232,909	153,655
Net earnings per share		
Basic	$1.56	$1.03
Fully diluted	$1.56	$1.03

(ii) Statements of Comprehensive Income

(a) Comprehensive income – current periods:

	2000 $000	1999 $000
Net earnings in accordance with U.S. GAAP	232,909	153,655
Other comprehensive income, net of tax:		
Foreign currency translation gain (loss)	(52,680)	3,736
Unrealized gains (losses) on securities, available for sale, net of tax of $3,624 (1999 – $5,152)	39,940	18,716
Reversal of unrealized gains on sale of securities available for sale, net of tax of ($2,529)	(7,332)	—
	(20,072)	22,452
Comprehensive income	212,837	176,107

(b) Comprehensive income – accumulated balances:

	Foreign currency translation $000	Unrealized gains on securities $000	Total $000
Balance, August 31, 1998	(37,014)	(19,017)	(56,031)
Change during 1999	3,736	18,716	22,452
Balance, August 31, 1999	(33,278)	(301)	(33,579)
Change during 2000	(52,680)	32,608	(20,072)
Balance, August 31, 2000	(85,958)	32,307	(53,651)

(iii) Consolidated Balance Sheets

Balance sheet captions restated to reflect the above items are presented below:

	2000 $000	1999 $000
ASSETS		
Current assets	376,041	245,790
Investment in Network TEN	136,337	154,436
Property and equipment	185,223	110,011
Broadcast licences and goodwill	1,608,479	456,474
Investment in marketable securities, and other	399,305	730,887
Other assets	339,234	84,331
	3,044,619	1,781,929
LIABILITIES		
Current liabilities	354,002	162,945
Long term debt	1,128,153	548,925
Other liabilities	84,468	30,388
Deferred income taxes	532,232	264,520
	2,098,855	1,006,778
SHAREHOLDERS' EQUITY		
Capital stock	420,260	416,083
Contributed surplus	3,647	3,647
Retained earnings	575,508	389,000
Accumulated other comprehensive income	(53,651)	(33,579)
	945,764	775,151
	3,044,619	1,781,929

A reconciliation of shareholders' equity reflecting the differences between Canadian and U.S. GAAP is set out below:

	2000 $000	1999 $000
Shareholders' equity in accordance with Canadian GAAP	865,291	796,215
Adjustments relating to pre-operating costs, net of tax of $3,452 (1999 – $4,469)	(9,711)	(12,499)
Liability method of accounting for income taxes	(5,164)	(20,122)
Investment in WIC on an equity basis, net of tax of $31,461 (1999 – $6,251)	63,041	11,858
Unrealized gain (loss) on other investments net of tax of $6,241 (1999 – $5,146)	32,307	(301)
Shareholders' equity in accordance with U.S. GAAP	945,764	775,151

(iv) Other

Deferred Income Tax Balances

Components of the balances of deferred income tax assets and liabilities calculated under U.S. GAAP are as follows:

	2000 $000	1999 $000
Non-current assets:		
Tax benefit of unutilized losses	2,217	4,469
Non-current liabilities:		
Differences in tax and accounting bases of depreciating property and equipment	14,952	4,945
Difference in tax and accounting bases of pension costs	5,058	992
Differences in tax and accounting bases of broadcast licences	454,314	181,883
Tax on unrealized gain on other investments	6,241	5,151
Difference in tax and accounting bases of investment in WIC	31,461	6,251
Timing differences in investments in non-broadcasting activities	15,080	15,080
Other	5,126	9,318
	532,232	223,620

An analysis of net earnings before tax by jurisdiction follows:

	2000 $000	1999 $000
Canada	254,412	156,290
Foreign	(24,668)	(23,592)

An analysis of the provision for current and deferred income taxes by jurisdiction follows:

	2000 $000	1999 $000
Current income taxes		
Canada	70,988	53,730
Foreign	968	823
	71,956	54,553
Deferred income taxes		
Canada	3,840	1,841
Foreign	(1,916)	(2,111)
	1,924	(270)
	73,880	54,283

The following amounts are included in accounts receivable:

	2000 $000	1999 $000
Allowance for doubtful accounts	5,300	5,800

The following amounts are included in operating expenses:

	2000 $000	1999 $000
Bad debt expense (recovery)	(300)	1,300
Selling, general and administrative expenses	85,961	90,761

The composition of accounts payable and accrued liabilities is as follows:

	2000 $000	1999 $000
Accounts payable	61,000	43,000
Accrued liabilities	131,000	55,000

SUMMARIZED QUARTERLY FINANCIAL INFORMATION

For the three month periods ended (unaudited)

	2000				1999			
(in thousands of dollars, except as noted)	Aug-31	May-31	Feb-28	Nov-30	Aug-31	May-31	Feb-28	Nov-30
Combined Operating Results (1)								
Revenue	274,519	329,088	209,388	268,323	180,414	233,178	205,217	263,189
Operating profit before amortization (EBITDA)	23,713	89,133	53,173	97,528	28,624	86,243	52,440	96,849
Earnings before gain on sale of an 18.5% economic interest in Network TEN and realized translation adjustments	(16,372)	105,585	24,482	50,285	10,610	44,596	39,186	53,211
Net earnings	(16,372)	105,585	24,482	48,985	10,610	44,596	39,186	51,711
Cash flow from operations (2)	7,660	15,906	37,279	60,588	12,373	63,264	31,499	64,518
Per Share Information (1)								
Earnings before gain on sale of an 18.5% economic interest in Network TEN and realized translation adjustments								
Basic	$(0.11)	$0.71	$0.16	$0.34	$0.07	$0.30	$0.26	$0.36
Fully diluted	$(0.11)	$0.71	$0.16	$0.33	$0.07	$0.30	$0.26	$0.35
Net earnings								
Basic	$(0.11)	$0.71	$0.16	$0.33	$0.07	$0.30	$0.26	$0.35
Fully diluted	$(0.11)	$0.71	$0.16	$0.32	$0.07	$0.30	$0.26	$0.34
Cash flow from operations (2)								
Basic	$0.05	$0.11	$0.25	$0.40	$0.08	$0.42	$0.21	$0.43
Fully diluted	$0.05	$0.10	$0.25	$0.40	$0.08	$0.42	$0.21	$0.43
Trading Statistics								
Trading volumes – TSE								
Subordinate voting shares	9,532,667	8,717,696	11,681,142	8,005,070	6,699,011	12,347,060	8,188,245	6,827,124
Non-voting shares	428,142	1,049,219	1,054,972	287,109	2,705,680	1,461,106	1,024,693	1,081,892
Trading volumes – NYSE								
Non-voting shares	150,400	173,400	387,200	402,500	1,177,700	1,916,300	406,600	485,900
Market price of subordinate voting shares								
High	$20.25	$22.50	$23.25	$20.00	$22.00	$21.50	$24.50	$22.50
Low	$16.00	$15.25	$15.20	$15.00	$19.00	$18.25	$18.00	$16.80
Market price of non-voting shares – TSE								
High	$21.00	$22.40	$23.00	$19.90	$22.00	$21.50	$24.30	$22.50
Low	$16.00	$15.15	$15.30	$15.10	$18.80	$18.25	$18.00	$17.00
Market price of non-voting shares – NYSE								
High	US$13.63	US$15.38	US$16.06	US$13.44	US$14.88	US$14.13	US$16.13	US$14.63
Low	US$10.81	US$10.56	US$10.31	US$10.25	US$12.69	US$12.25	US$11.06	US$10.88

(1) Operating results and per share information have been prepared on a combined basis, proportionately consolidating the company's 57.5% interest (76% to April 1998, 66% to December 31, 1996, and 57.5% to October 31, 1996) in Network TEN. Net earnings are the same as net earnings reported in the audited consolidated financial statements.

(2) Earnings before amortization, deferred income taxes, interest in earnings of equity accounted affiliates, realization of cumulative translation adjustments, gain on disposition of investments, minority interests and write-down of program inventory.

14 YEAR FINANCIAL REVIEW

For the years ended August 31

In thousands of dollars, except as noted	2000	1999	1998	1997	1996	1995
COMBINED OPERATING RESULTS (1)						
Revenue	1,081,318	881,998	871,435	835,118	628,018	552,168
Operating profit before amortization (EBITDA)	263,547	264,156	301,113	274,331	206,318	158,344
Operating profit margin	24.4%	29.9%	34.6%	32.8%	32.9%	28.7%
Equity in earnings of equity accounted affiliates	637	899	970	971	1,234	9,132
Earnings from continuing operations before gain on sale of a 18.5% economic interest in Network TEN and realized translation adjustments	163,980	147,603	145,360	137,762	105,589	79,987
Net earnings	162,680	146,103	200,117	141,862	102,170	70,383
Cash flow from operations (3)	121,433	171,654	179,018	205,165	137,176	97,067
PER SHARE INFORMATION (1)						
Earnings from continuing operations before gain on sale of a 18.5% economic interest in Network TEN and realized translation adjustments						
Basic	$1.10	$0.99	$0.97	$0.93	$0.75	$0.58
Fully diluted	$1.09	$0.98	$0.97	$0.92	$0.74	$0.57
Cash flow from operations (3)						
Basic	$0.81	$1.15	$1.20	$1.38	$0.98	$0.70
Fully diluted	$0.81	$1.14	$1.19	$1.37	$0.96	$0.69
COMBINED FINANCIAL POSITION (1)						
Total assets	2,652,816	1,689,430	1,459,309	1,373,483	948,406	711,717
Capital expenditures	19,011	20,068	46,390	26,753	15,635	12,593
Long term debt	1,196,915	548,925	471,146	508,898	223,640	228,179
Shareholders' equity	865,291	796,215	686,041	551,064	475,035	257,340
Shareholders' equity attributable to equity shares	865,291	796,215	686,041	551,064	475,035	257,340
Return on average equity	19.58%	19.71%	32.35%	27.65%	27.90%	31.30%
Weighted average number of shares outstanding	149,786,882	149,502,365	149,158,918	148,265,654	140,527,809	137,956,061
TRADING STATISTICS						
Trading volumes						
Subordinate voting shares — TSE	37,936,575	34,061,440	20,201,182	24,096,101	17,796,627	19,098,203
Non-voting shares —TSE	2,819,442	6,273,371	3,179,075	2,221,281	565,847	—
Non-voting shares — NYSE	1,113,500	3,986,500	4,269,000	10,202,100	7,059,500	—
Market price of subordinate voting shares						
High	$23.25	$24.50	$28.50	$24.65	$13.75	$7.13
Low	$15.00	$16.80	$20.55	$13.70	$6.24	$4.06
Market price of non-voting shares — TSE						
High	$23.00	$24.30	$28.35	$24.45	$13.50	—
Low	$15.10	$17.00	$20.60	$13.75	$12.00	—
Market price of non-voting shares — NYSE						
High	US$16.06	US$16.13	US$20.44	US$17.88	US$9.75	—
Low	US$10.25	US$10.88	US$13.19	US$8.88	US$8.75	—

1994	1993	1992	1991	1990[2]	1989[2]	1988[2]	1987[2]
462,136	406,368	243,850	225,262	212,418	186,919	141,624	125,677
122,089	92,866	65,219	59,225	49,051	40,479	31,902	31,587
26.4%	22.9%	26.7%	26.3%	23.1%	21.7%	22.5%	25.1%
1,191	—	—	—	—	—	—	—
44,716	25,956	14,860	9,023	2,437	6,291	6,740	6,401
44,716	25,956	14,860	9,023	2,437	6,291	6,740	6,401
68,123	46,671	33,412	24,197	14,395	16,592	18,051	15,044
$0.35	$0.21	$0.13	$0.10	$0.02	$0.04	$0.05	$0.05
$0.34	$0.20	$0.13	$0.10	$0.02	$0.04	$0.05	$0.05
$0.53	$0.39	$0.29	$0.27	$0.15	$0.16	$0.18	$0.15
$0.52	$0.35	$0.27	$0.27	$0.15	$0.16	$0.18	$0.15
661,004	554,105	349,530	321,308	295,711	199,185	203,350	167,127
9,135	8,309	5,860	4,359	6,035	4,907	11,510	16,290
248,670	301,442	182,377	241,547	249,285	9,357	15,879	6,275
192,491	106,439	79,511	6,307	(1,211)	51,649	48,147	43,684
192,491	106,439	79,511	6,307	(1,211)	31,649	28,147	23,684
29.90%	28.00%	34.80%	354.10%	16.00%	21.00%	26.00%	26.70%
128,581,306	120,830,639	116,744,926	88,646,104	88,646,104	88,646,104	88,646,104	88,646,104
27,682,604	11,765,261	10,940,819	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
$5.34	$3.27	$2.19	—	—	—	—	—
$2.88	$1.89	$1.60	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—

(1) Operating results and per share information have been prepared on a combined basis, proportionately consolidating the company's 57.5% interest (76% to April 1998, 66% to December 31, 1996, and 57.5% to October 31, 1996) in Network TEN. Net earnings are the same as net earnings reported in the audited consolidated financial statements.

(2) Financial results are presented on a pro forma basis which fully consolidates the accounts and historical results of Global Ventures Western Ltd. and its subsidiaries. Prior to the acquisition of control of this subsidiary in December 1989, the company accounted for its 61% equity investment using the proportionate method of consolidation.

(3) Earnings before amortization, deferred income taxes, interest in earnings of equity accounted affiliates, realization of cumulative translation adjustments, gain on disposition of investments, minority interests and write-down of program inventory.

CANWEST SHARES AND STOCK EXCHANGE LISTINGS

The Subordinate Voting Shares and Non-Voting Shares of the Company are listed on the Toronto Stock Exchange under the symbols CGS.S and CGS.A respectively. The Non-Voting Shares of the Company are also listed on the New York Stock Exchange under the symbol CWG.

Issued and outstanding shares as at August 31, 2000 were comprised of:

• Multiple Voting Shares	78,040,908
• Subordinate Voting Shares	69,395,035
• Non-Voting Shares	2,607,837

Each of the share classes has a different number of votes per share. There are 10 votes per Multiple Voting Share and one vote per Subordinate Voting Share. Non-Voting Shares do not vote, except at meetings where the holders of such shares would be entitled by law to vote separately as a class.

CanWest Global Communications Corp. is a constrained-share company, of which at least 66.7% of the voting shares must be beneficially owned by persons who are Canadian citizens or corporations controlled in Canada. There is no limit on the number of non-voting shares that a non-Canadian can hold.

Any Canadian citizen purchasing Non-Voting Shares can present them for registration as either Subordinate Voting Shares or Non-Voting Shares. Non-Voting Shares can be purchased by anyone, Canadian or otherwise. Subordinate Voting Shares purchased by a non-Canadian will, upon registration of transfer, be converted into Non-Voting Shares.

DIVIDENDS

The Company pays cash dividends on a semi-annual basis. Each class of shares participates equally in dividends. For the year ended August 31, 2000, semi-annual cash dividends of $0.15 and $0.15 per share were paid in October and April respectively.

DIVIDEND RE-INVESTMENT PLAN

Under the terms of the Company's Dividend Re-investment Plan, all shareholders have the right to apply their dividends to purchase Subordinate Voting Shares or Non-Voting Shares from the Company's treasury at a price equal to 95% of the weighted average of the closing prices for the shares on each of the five trading days immediately preceding the dividend payment date. Dividend re-investment plans are attractive to shareholders because there are no associated brokerage fees.

EXECUTIVE STOCK OPTION PLAN

The Company has adopted an Executive Stock Option Plan under which eligible CanWest executives are entitled to receive options to acquire Subordinate Voting Shares or Non-Voting Shares. The Board of Directors administers the Executive Stock Option Plan and establishes the option price on the date on which any options are granted. In all cases, the option price has been the market value of the Subordinate Voting Shares as at the date the option was granted. The aggregate number of Subordinate Voting Shares and Non-Voting Shares which have been reserved for issue under this plan, together with any Subordinate Voting Shares and Non-Voting Shares reserved for issue under any options for service or other employee stock purchase or options plans established from time to time, may not exceed an aggregate of approximately 13.8 million Subordinate Voting Shares or Non-Voting Shares, and no individual optionee may hold options to purchase Subordinate Voting Shares or Non-Voting Shares in excess of 5% of the issued outstanding Subordinate Voting Shares or Non-Voting Shares at the date of the grant of the option. During fiscal 2000, 460,083 options were granted under the Executive Stock Option Plan, at prices ranging from $16.45 to $17.00 per share.

The CanWest Global Communications Corp. Board of Directors is comprised of 11 members.

The full Board meets quarterly while the executive committee of the Board – comprised of I.H. Asper, David Asper, Leonard Asper, Lloyd Barber and Peter Viner – meets every six weeks.

I.H. Asper, O.C., O.M., Q.C.
Executive Chairman
CanWest Global Communications Corp.

Mr. Asper is the Company founder, and Executive Chairman. He focuses his attention on developing and ensuring the execution of the Company's long-term strategic direction goals and the path charted to reach these objectives.

Leonard J. Asper
President and Chief Executive Officer
CanWest Global Communications Corp.

Mr. Asper is President and Chief Executive Officer of the Company. He was elected to the Board of Directors in 1997. Mr. Asper has been with the Company for eleven years, first joining Global Television as Associate General Counsel. He was most recently Executive Vice-President and Chief Operating Officer.

Peter D. Viner
Vice-Chairman
CanWest Global Communications Corp.

Mr. Viner is Vice-Chairman of the Company. He was elected to the Board in January 1998. From 1997 to 1999 he served as President and Chief Executive Officer of the Company and prior to that was President and Chief Executive Officer of Network TEN in Australia.

David A. Asper
Managing Director, Creswin Properties Ltd.
Executive Committee

Mr. Asper is a former Executive Vice-President of CanWest and in his capacity as Co-Chair of the CanWest/Hollinger integration team, continues to consult to the Company. He is also Managing Director of Creswin Properties Ltd., Chairman of Centre Venture Development Corp., Winnipeg's downtown development authority, and Chairman of the Winnipeg Blue Bomber's Football Club. Elected to the Board in 1997.

Board of Directors
(front row left to right)
Gail Asper, I.H. Asper
(second row left to right)
F. David Radler, Lloyd Barber,
Leonard Asper, Peter Viner,
David Asper, Jalynn H. Bennett,
Conrad Black, Sheelagh Whittaker,
Frank McKenna

Gail S. Asper

Corporate Secretary
CanWest Global Communications Corp.

Ms. Asper has been Corporate Secretary of the Company since 1990 and from 1991 to 1998 served as Corporate Counsel. She has been a member of the Board of Directors since 1990. Ms. Asper also acts as President of the CanWest Foundation, which leads the Company's numerous charitable activities.

Dr. Lloyd I. Barber, C.C., LL.D.

President Emeritus, University of Regina

Dr. Barber is President Emeritus of the University of Regina. He was appointed an Officer of the Order of Canada in 1978 and was elevated to Companion of the Order in 1993. He serves as a Director of several major public Canadian companies and was elected to the Board in 1992.

Jalynn H. Bennett, C.M.

President, Jalynn H. Bennett & Associates Ltd.

Ms. Bennett is President of Jalynn H. Bennett & Associates Ltd., a Toronto-based consulting firm. She has served, and continues to serve on a number of corporate and not-for-profit boards in Canada. Ms. Bennett was elected to the Board in January 1998.

The Honourable Conrad M. Black, P.C., O.C.

Chairman and Chief Executive Officer
Hollinger Inc.

Mr. Black is Chairman of the Board of Directors and Chief Executive Officer of Hollinger Inc. Mr. Black joined the CanWest Board of Directors in November 2000. He is also a Director of several other Canadian public companies, such as Brascan Limited and Canadian Imperial Bank of Commerce.

The Honourable Frank McKenna, P.C.

Counsel, McInnes Cooper & Robertson

Mr. McKenna, former Premier of New Brunswick, led his party to unprecedented victory in a general election in October 1987, winning every seat in the province. In 1997, after ten years as Premier, Mr. McKenna resigned and returned to private life, joining the Moncton office of the law firm McInnes Cooper & Robertson as Counsel. Mr. McKenna was appointed to the Board in July 1999.

F. David Radler

President and Chief Operating Officer
Hollinger Inc.

Mr. Radler has served as President and Chief Operating Officer of Hollinger Inc. since 1995 and a Director of Hollinger since 1984. He is also a Director of The Telegraph and serves on a number of boards of Canadian public companies. Appointed to the Board in November 2000.

Sheelagh Whittaker

Chief Executive Officer, EDS Canada Inc.

Ms. Whittaker is Chief Executive Officer of EDS Canada Inc., the country's leading provider of information technology services. Ms. Whittaker also serves on several public company Boards, including that of one of Canada's major banks. She was previously President and Chief Executive Officer of Canadian Satellite Communications Inc. Ms. Whittaker joined the CanWest Board in July 1999.

DIRECTORS EMERITUS

The Honourable Willard Z. Estey, C.C., Q.C., LL.D.

Mr. Estey has been a practicing lawyer, Chief Justice of Ontario, and a Justice of the Supreme Court of Canada. He has served on three Royal Commissions and is a Companion of the Order of Canada. Mr. Estey has served on the Board since 1991.

Donald M. Gordon, F.C.A.

President, Seedhouse Holdings Ltd.

Mr. Gordon is President of Seedhouse Holdings Ltd., a Winnipeg-based private investment company. A Fellow of the Institute of Chartered Accountants of Manitoba, he has been associated with CanWest for many years. Mr. Gordon has been a member of the Board since 1985.

MANAGEMENT

I.H. Asper, O.C., O.M., Q.C.
Executive Chairman

Peter D. Viner
Vice Chairman

Leonard J. Asper
President and Chief Executive Officer

Thomas C. Strike
Chief Operating Officer

John E. Maguire
Vice-President, Finance
and Chief Financial Officer

Richard M. Leipsic
Vice-President and General Counsel

Geoffrey Elliot
Vice-President, Corporate Affairs

INVESTOR RELATIONS

John E. Maguire
Vice-President, Finance
and Chief Financial Officer
(204) 956-2025

GENERAL INQUIRIES

Bruce Leslie
Director of Communications
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Winnipeg, Manitoba

Bank of Nova Scotia
Trust Company of New York
New York City, U.S.A.

AUDITORS

PricewaterhouseCoopers LLP
Winnipeg, Canada

BANKERS

Canadian Imperial Bank of Commerce
Toronto, Canada

The Bank of Nova Scotia
Toronto, Canada

Bank of America, N.A.
New York, United States

Westpac Banking Corporation
Sydney, Australia

The Toronto Dominion Bank
Sydney, Australia

LEGAL COUNSEL

Pitblado Buchwald Asper
Winnipeg, Canada

Torys
Toronto, Canada

Osler Hoskin & Harcourt
Toronto, Canada

Kaye, Scholer, Fierman,
Hays & Handler, LLP
New York City, USA

Clayton Utz
Sydney, Australia

Russell McVeigh McKenzie
Bartleet & Company
Auckland, New Zealand

A & L Goodbody
Dublin, Republic of Ireland

WEBSITES

Corporate

www.canwestglobal.com

CanWest Interactive

www.canada.com
www.faceoff.com
www.careerclick.com
www.carclick.com
www.ibsys.com
www.lifeserv.com
www.allcanadiansport.ca
www.medbroadcast.com

Daily Newspapers

www.nationalpost.com
www.hfxnews.southam.ca
www.calgaryherald.com
www.edmontonjournal.com
www.leaderpost.sk.ca
www.montrealgazette.com
www.ottawacitizen.com
www.scstandard.com
www.theguardian.pe.ca
www.theprovince.com
www.thetelegram.com
www.vancouverprovince.com
www.vancouversun.com
www.windsorstar.com
www.saskstar.sk.ca

Global Television

www.globaltv.com

Other Stations

www.tvforbc.com
www.chektv.com
www.ontv.ca
www.chbc.com

Network TEN Australia

www.ten.com.au

TV3 New Zealand

www.tv3.co.nz

TV4 New Zealand

www.tv4.co.nz

More Fm New Zealand

www.92morefm.co.nz

TV3 Ireland

www.tv3.ie

Sales

www.globaltvmedia.com
www.globaltvsales.com

Production

www.appleboxproductions.com
www.studiopost.ab.ca

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Robb Dalton
President

NOTICE OF ANNUAL MEETING
The Company's Annual General Meeting of Shareholders will be held on Tuesday, February 6th, 2001 at 2:00 pm at the National Gallery of Canada theatre in Ottawa, Ontario.

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